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Poetry in America IV: The Poetry of Character Development and the Emotional Life Conversations already taped or scheduled include

with NBA player Jason Collins on Emily Dickinson's on "My Life has Stood a Loaded Gun" and "Tell all the Truth"; with Harvard students on " It would have starved a gnat" and "It got so I could take the Trick" ;with national security expert, Anne Marie Slaughter on "Hope is the Thing with Feathers"; with High School and Middle School teachers on "I'm Nobody" ; (with Annette Bening and Yo Yo Ma) (filmed at the Emily Dickinson Museum, Amherst, in Houghton Rare Book Library and in Hauser Studio

With New York citizens and Boston High School teachers on "Song of Myself" and sense of self (filmed in Brooklyn Bridge Park and in Harvard Yard)

With actress and author Lena Dunham and with spoken word poet, Sarah Kay, on Edna St. Vincent Millay and falling in and out of love (to be filmed in Brooklyn)

With biographer and filmmaker Jay Parini and Harvard students on Frost's "Out! Out" and on trauma (filmed at the Robert Frost historical site, Middlebury Vermont;) and with David Coleman, head of the College Board and writer of the Common Core Standards, on Frost's "Birches" and learning.

With director and actor Woody Allen on William Carlos Williams's "this is just to say" " and on marriage (filmed in Allen's studio) and with poet physician Rafael Campo on Williams and healing

With Alfre Woodard on Gwendolyn Brooks's "song of the front yard " and on obedience to parents (filmed before a live audience in Aspen)

With Rabbi Moshe Waldocks , on Allen Ginsberg's "Kaddish" and ritual (filmed in Hauser studio)

With Bill Clinton, Sonia Sanchez , Herbie Hancock and children from the Harlem Children's Zone on dreaming and disappointment (filmed in Harlem and LA)

With journalist Katie Couric on "One Art" and on grief and self control and with actress Kate Burton on "Elizabeth Bishop's "Poem" and on memory and inheritance

With actor John Lithgow on Frank O'Hara's "Ave Maria" and on adolescent rebellion

With hip hop artist Nas on his own breakthrough album, Illmatic, (and on children and crime)

With NBA player Shane Battier on Edward Hirsch's "Fast Break" and on teamwork and love

With Reverend Jonathan Walton on Wigglesworth’s “Day of Doom” and blame

Poetry in America for Teachers II : The Poetry of Earth, Sea, and Sky
(an initiative of Harvard Graduate School of Education, HarvardX and WGBH)

Combining study of poetry with study of science, environment and the visual arts . Materials include hundreds archival images and live footage shot in Cape Cod, Nantucket, Vermont, New York, Connecticut, Jamaica, Aspen, California, Papua New Guinea including oceans, ponds, marshes, birds, fish mountains, coral reefs, forests as well in some major collections (HMNH etc)

with author Michael Pollan on Joel Barlow (and colonial agriculture)

with economist Lawrence Summers on Oliver Wendell Holmes, (and technology and "one hoss shay" depreciation)

with Harvard students at the Nantucket Whaling Museum and with , John Steele, editor of the science magazine, *Nautlilus*, , on Lowell and Melville

with Vice President Al Gore on Ralph Waldo Emerson ,and, with eco-critic Lawrence Buell (with footage taped on the Concord River as well as in Harvard's Houghton Rare Book Library)

with a dozen Harvard students and Boston area school teachers on Emily Dickinson's "skies" (shot at Emily Dickinson's home in Amherst Massachusetts) and with ED's original mss. at Harvard University

with Martin Espada and other New Yorkers (footage shot on the East River) on Whitman and urban greenspace and with Susan Howe on Stevens and parks

with Richard Dawkins on Frost, evolution and probability and with Jay Parini, Frost biographer, in Frost's cabin on "The Road not Taken".

with Director of the College Board (and writer of the Common Core Standards) , David Coleman on Robert Frost's "Birches" (filmed in a birch grove)

with Peter Galison on Einstein and Modernism (taped in the Harvard Scientific Instruments collection in the Harvard Science Center) and with author Walter Isaacson on Einstein and Modernism (Fogg Museum)

with Ray Dalio on Marianne Moore(in Rajah Ampat with Conservation International); and with Jane Pickering, Head of the Harvard Natural History Museum, (filmed in the Harvard Museum of Natural History)

with Walt Mossberg and David Malan on coding, computer language and L-A-N-G-U-A-G-E poetry

Date: Thursday, December 15 2011 02:57 AM
Subject: Re: The Edge Annual Question 2012 - Invitation (Confidential)
From: John Brockman <[redacted]>
To: jeffrey epstein <jeevacation@gmail.com>;

Keep it coming. JB

On Dec 14, 2011, at 3:47 PM, jeffrey epstein wrote:

> Mathematics ideals are universal truths , biology is intrinsically based in deception . Predators in search of free energy , would be able to decipher and consume , if it weren't couched in a multi layered encrypted form . Even self deception acts as a defensive strategy. More later
>
> Sorry for all the typos .Sent from my iPhone
>
> On Dec 14, 2011, at 3:05 PM, John Brockman <[redacted]> wrote:
>
>> To: Paul Allen, Jeff Bezos, Sergey Brin. Hubert Burda, Steve Case. John Doerr, Jeffrey Epstein, Tony Fadell, Bill Gates, Danny Hillis, Maja Hoffman, Bill Joy, Salar Kamangar, Dean Kamen, Vinod Khosla, Marissa Mayer, Kary Mullis Elon Musk, Nathan Myhrvold, Pierre Omidyar, Larry Page, Sean Parker, Jean Pigozzi, Nick Pritzker, Miuccia Prada, Eric Schmidt, Jacqui Safra, Ricardo Salinas Pilego, Charles Simonyi, Jeff Skoll, Craig Venter, Jimmy Wales, Evan Williams, Mark Zuckerberg
>>
>> Re: The EDGE Annual Question 2012 - Invitation to participate
>>
>> In the summer of 2009, in a talk at the Bristol (UK) Festival of Ideas, Freeman Dyson articulated a vision for the future. He referenced "The Age Of Wonder", by Richard Holmes, in which the first Romantic Age described by Holmes was centered on chemistry and poetry, while Dyson pointed out that this new age is dominated by computational biology. Its leaders, he noted, include "biology wizards" Kary Mullis, Craig Venter, medical engineer Dean Kamen; and "computer wizards" Larry Page and Sergey Brin, and Charles Simonyi. He pointed out that the nexus for this intellectual activity — the Lunar Society for the 21st century — is centered around the activities of EDGE.
>>
>> Dyson continued to articulate his vision for a new age of biology in a related review inNew York Review of Books in which he wrote: "...a new generation of artists, writing genomes as fluently as Blake and Byron wrote verses, might create an abundance of new flowers and fruit and trees and birds to enrich the ecology of our planet. Most of these artists would be amateurs, but they would be in close touch with science, like the poets of the earlier Age of Wonder. The new Age of Wonder might bring together wealthy entrepreneurs like Venter and Kamen ... and a worldwide community of gardeners and farmers and breeders, working together to make the planet beautiful as well as fertile, hospitable to hummingbirds as well as to humans."
>>
>> So, along these lines, who can best articulate the important issues questions we face today than the very people who are, through their ideas and entrepreneurial zeal, changing the very nature of reality itself. Here's the 2012 Annual Question. Before sending it out widely to the list, it's useful to seed the project with a dozen or so interesting responses to provide examples and set a high bar. Even better, to inspire. How about it?? Hope to hear from you. JB
>>
>>
>> THE WORLD QUESTION CENTER
>>
>> 2012: WHAT IS YOUR FAVORITE DEEP, ELEGANT, OR BEAUTIFUL EXPLANATION?
>>
>> http://edge.org/annual- question/what-is-your-favorite-deep-elegant-or-beautiful-explanation&view=draft

>>
>> ---
>>
>> PRESS EMBARGO UNTIL PUBLICATION (12am EST, Sunday, January 15th). DO NOT CITE OR CIRCULATE
>>
>> ---
>>
>> "We'd certainly be better off if everyone sampled the fabulous EDGE symposium, which, like the best in science, is modest and daring all at once."
>>
>> — David Brooks, THE NEW YORK TIMES
>> ---
>> ---
>>
>> Scientists' greatest pleasure comes from theories that derive the solution to some deep puzzle from a small set of simple principles in a surprising way. These explanations are called "beautiful" or "elegant". Historical examples are Kepler's explanation of complex planetary motions as simple ellipses, Bohr's explanation of the periodic table of the elements in terms of electron shells, and Watson and Crick's double helix. Einstein famously said that he did not need experimental confirmation of his general theory of relativity because it "was so beautiful it had to be true."
>>
>> The EDGE Question 2012
>>
>> WHAT IS YOUR FAVORITE DEEP, ELEGANT, OR BEAUTIFUL EXPLANATION?
>>
>> Since this question is about explanation, answers may embrace scientific thinking in the broadest sense: as the most reliable way of gaining knowledge about anything, including other fields of inquiry such as philosophy, mathematics, economics, history, political theory, literary theory, or the human spirit. The only requirement is that some simple and non-obvious idea explain some diverse and complicated set of phenomena.
>>
>> [Thanks to Steven Pinker for suggesting this year's EDGE Question and to Stewart Brand, Kevin Kelly, and George Dyson for their ongoing advice and support.]
>>
>> ---
>> ---
>>
>> "Open-minded, free ranging, intellectually playful ... an unadorned pleasure in curiosity, a collective expression of wonder at the living and inanimate world ... an ongoing and thrilling colloquium."
>>
>> —Ian McEwan in THE TELEGRAPH
>>
>> ---
>>
>> SUBMITTING ESSAYS: Email as text or attached Word file to me (brockman@edge.org).
>>
>> DUE DATE: 5pm, Thursday, January 12th
>>
>> PUBLICATION DATE: 12am EST, Sunday, January 15th
>>
>> URL: Essays will be posted at this draft URL (not visible to search engines). Please keep confidential.
>>
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>>
>> ---
>>
>> EDITORIAL MARCHING ORDERS
>>
>> Of course, your own explanations are deep, elegant, and beautiful. But give it a rest for this exercise and please avoid citing your own theory, idea, explanation. Also, think of examples that are not completely obvious—we don't want a hundred people nominating natural selection, or relativity, or Turing machines.
>>
>> Say something new, true, and interesting based on your own experience, in 1,000 words or less.
>>
>> Go deeper than the news. Tell us something we don't know. This is not a purely scientific question: this is question about our culture and ourselves. The ideas we present on EDGE can offer a new set of metaphors to describe ourselves, our minds, the way we think, the world, and all of the things we know in it.
>>
>> As usual, no politics ("Democrat" "Republican") or politicians ("Obama" "Romney" "Clinton" "Gingrich", etc.). No editorials, Op-eds, opinion pieces, flippancy. No ad hominem comments. No self-promotion: no referencing your books, papers, courses. No "selling from the stage", pushing your well-known agenda. No footnotes, credits, or hyperlinks in the text: stay on the page. No anecdotes about spouses, significant others, kids, family pets. Write a stand-alone piece: don't respond to the pieces of other contributors already posted.
>>
>> This is the annual opportunity for the EDGE community to give something back, to provide an important public service, to make a statement by presenting uncompromisingly sophisticated science-minded thinking to a wide global audience. Be imaginative, exciting, compelling, inspiring. Tell a great story. Make an argument that makes a difference. Amaze and delight. Surprise us!
>>
>> ---
>>
>> TO THE EDGE PRESS LIST
>>
>> Last year's EDGE Question ("What Scientific Concept Would Improve Everybody's Cognitive Toolkit?" - http://goo.gl/bEzNP - generated 165 essays (115,000 words) and received global press attention - http://goo.gl/Ygxs7
>>
>> For some background on how the EDGE Annual Questions comes together, check out "A Big Question", an article I wrote for the Nieman Foundation in 2010 - http://goo.gl/udnZg
>> We expect at least as many contributions this year. Please feel free use up to 1,500 words of text (gratis) without further permission, provided that:
>>
>> (a) EDGE and its URL (www.edge.org) are mentioned in the first paragraph of your print and online piece; and
>>
>> (b) a hyperlink to the EDGE home page (http://www.edge.org) is provided in the first paragraph of your online edition.
>>
>> Edge Foundation, Inc. is a nonprofit private operating foundation under Section 501(c)(3) of the Internal Revenue Code.
>>
>>
>> Happy New Year!
>>
>> John Brockman
>> Editor & Publisher

>> [redacted]
>>
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>> --
>>
>> It's ever more delectable that EDGE-the network of prominent scientists and intellectuals— has worked against the reciprocal ignorance of literary cultures and sciences of each other. Successfully. If you take the algorithms developed by Larry Page and Sergey Brin, which measure the value of links, EDGE'S website ranks seven on a global scale of ten. THE NEW YORK TIMES ranks nine, eBay at eight.
>>
>> — SUEDDEUTSCHE ZEITUNG
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The
Shimon Post
Presidential Press Bulletin

17 April, 2011

Article 1.	Wall Street Journal **The New Cold War** Bill Spindle and Margaret Coker
Article 2.	The New York Post **The storm in Syria** Amir Taheri
Article 3.	The American Interest **Political Order in Egypt** Francis Fukuyama
Article 4.	NYT **The Budget Debate, Revealed** Richard W. Stevenson

Article 1.

Wall Street Journal

The New Cold War

Bill Spindle and Margaret Coker

APRIL 16, 2011 -- For three months, the Arab world has been awash in protests and demonstrations. It's being called an Arab Spring, harking back to the Prague Spring of 1968.

But comparison to the short-lived flowering of protests 40 years ago in Czechoslovakia is turning out to be apt in another way. For all the attention the Mideast protests have received, their most notable impact on the region thus far hasn't been an upswell of democracy. It has been a dramatic spike in tensions between two geopolitical titans, Iran and Saudi Arabia.

This new Middle East cold war comes complete with its own spy-versus-spy intrigues, disinformation campaigns, shadowy proxy forces, supercharged state rhetoric—and very high stakes.

"The cold war is a reality," says one senior Saudi official. "Iran is looking to expand its influence. This instability over the last few months means that we don't have the luxury of sitting back and watching events unfold."

On March 14, the Saudis rolled tanks and troops across a causeway into the island kingdom of Bahrain. The ruling family there, long a close Saudi ally, appealed for assistance in dealing with increasingly large protests. Iran soon rattled its own sabers. Iranian parliamentarian Ruhollah Hosseinian urged the Islamic Republic to put its military forces on high alert, reported the website for Press TV, the state-run English-language news agency. "I believe that the Iranian government should not be reluctant to prepare the country's military forces at a time that Saudi Arabia has dispatched its troops to Bahrain," he was quoted as saying.

The intensified wrangling across the Persian—or, as the Saudis insist, the Arabian—Gulf has strained relations between the U.S. and important Arab allies, helped to push oil prices into triple digits and tempered U.S. support for some of the popular democracy movements in the Arab world. Indeed, the first casualty of the Gulf showdown has been two of the liveliest democracy movements in countries right on the fault line, Bahrain and the turbulent frontier state of Yemen. But many worry that the toll could wind up much worse if tensions continue to ratchet upward. They see a heightened possibility of actual military conflict in the Gulf, where one-fifth of the world's oil supplies traverse the shipping lanes between Saudi Arabia and Iran. Growing hostility between the two countries could make it more difficult for the U.S. to exit smoothly from Iraq this year, as planned. And, perhaps most dire, it could exacerbate what many fear is a looming nuclear arms race in the region.

Iran has long pursued a nuclear program that it insists is solely for the peaceful purpose of generating power, but which the U.S. and Saudi Arabia believe is really aimed at producing a nuclear weapon. At a recent security conference, Prince Turki al Faisal, a former head of the Saudi intelligence service and ambassador to the U.K. and the U.S., pointedly suggested that if Iran were to develop a weapon, Saudi Arabia might well feel pressure to develop one of its own.

The Saudis currently rely on the U.S. nuclear umbrella and on antimissile defense systems deployed throughout the Persian Gulf region. The defense systems are intended to intercept Iranian ballistic missiles that could be used to deliver nuclear warheads. Yet even Saudis who virulently hate Iran have a hard time believing that the Islamic Republic would launch a nuclear attack against the birthplace of their prophet and their religion. The Iranian leadership says it has renounced the use of nuclear weapons.

How a string of hopeful popular protests has brought about a showdown of regional superpowers is a tale as convoluted as the alliances and history of the region. It shows how easily the old Middle East, marked by sectarian divides and ingrained rivalries, can re-emerge and stop change in its tracks.

There has long been bad blood between the Saudis and Iran. Saudi Arabia is a Sunni Muslim kingdom of ethnic Arabs, Iran a Shiite Islamic republic populated by ethnic Persians. Shiites first broke with Sunnis over the line of succession after the death of the Prophet

Mohammed in the year 632; Sunnis have regarded them as a heretical sect ever since. Arabs and Persians, along with many others, have vied for the land and resources of the Middle East for almost as long. These days, geopolitics also plays a role. The two sides have assembled loosely allied camps. Iran holds in its sway Syria and the militant Arab groups Hezbollah in Lebanon and Hamas in the Palestinian territories; in the Saudi sphere are the Sunni Muslim-led Gulf monarchies, Egypt, Morocco and the other main Palestinian faction, Fatah. The Saudi camp is pro-Western and leans toward tolerating the state of Israel. The Iranian grouping thrives on its reputation in the region as a scrappy "resistance" camp, defiantly opposed to the West and Israel.

For decades, the two sides have carried out a complicated game of moves and countermoves. With few exceptions, both prefer to work through proxy politicians and covertly funded militias, as they famously did during the long Lebanese civil war in the late 1970s and 1980s, when Iran helped to hatch Hezbollah among the Shiites while the Saudis backed Sunni militias.

But the maneuvering extends far beyond the well-worn battleground of Lebanon. Two years ago, the Saudis discovered Iranian efforts to spread Shiite doctrine in Morocco and to use some mosques in the country as a base for similar efforts in sub-Saharan Africa. After Saudi emissaries delivered this information to King Hassan II, Morocco angrily severed diplomatic relations with Iran, according to Saudi officials and cables obtained by the organization WikiLeaks.

As far away as Indonesia, the world's most populous Muslim country, the Saudis have watched warily as Iranian clerics have expanded their activities—and they have responded with large-scale religious programs of their own there. The 1979 Iranian revolution was a major eruption that still looms large in the psyches of both nations. It explicitly married Shiite religious zeal with historic Persian ambitions and also played on sharply anti-Western sentiments in the region. Iran's clerical regime worked to spread the revolution across the Middle East; Saudi Arabia and its allies worried that it would succeed. For a time it looked like it might. There were large demonstrations and purported antigovernment plots in Saudi Arabia's Eastern Province, which has a large population of Shiite Muslim Arabs, and in Bahrain, where Shiites are a distinct majority and Iran had claimed sovereignty as recently as 1970.

The protests that began this past January in Tunisia had nothing to do with any of this. They started when a struggling street vendor in that country's desolate heartland publicly set himself on fire after a local officer cited his cart for a municipal violation. His frustration, multiplied hundreds of thousands times, boiled over in a month of demonstrations against Tunisian President Zine al-Abidine Ben Ali. To the amazement of the Arab world, Mr. Ben Ali fled the country when the military declined to back him by brutally putting down the demonstrations.

Spurred on by televised images and YouTube videos from Tunisia, protests broke out across much of the rest of the Arab world. Within weeks, millions were on the streets in Egypt and Hosni Mubarak was gone, shown the door in part by his longtime backer, the U.S. government. The Obama administration was captivated by this spontaneous outbreak of democratic demands and at first welcomed it with few reservations. In Riyadh, Saudi officials watched with alarm. They became furious when the Obama administration betrayed, to Saudi thinking, a longtime ally in Mr. Mubarak and urged him to step down in the face of the street demonstrations.

The Egyptian leader represented a key bulwark in what Riyadh perceives as a great Sunni wall standing against an expansionist Iran. One part of that barrier had already crumbled in 2003 when the U.S.

invasion of Iraq toppled Saddam Hussein. Losing Mr. Mubarak means that the Saudis now see themselves as the last Sunni giant left in the region.

The Saudis were further agitated when the protests crept closer to their own borders. In Yemen, on their southern flank, young protesters were suddenly rallying thousands, and then tens of thousands, of their fellow citizens to demand the ouster of the regime, led by President Ali Abdullah Saleh and his family for 43 years. Meanwhile, across a narrow expanse of water on Saudi Arabia's northeast border, protesters in Bahrain rallied in the hundreds of thousands around a central roundabout in Manama. Most Bahraini demonstrators were Shiites with a long list of grievances over widespread economic and political discrimination. But some Sunnis also participated, demanding more say in a government dominated by the Al-Khalifa family since the 18th century.

Protesters deny that their goals had anything to do with gaining sectarian advantage. Independent observers, including the U.S. government, saw no sign that the protests were anything but homegrown movements arising from local problems. During a visit to Bahrain, Secretary of Defense Robert Gates urged the government to adopt genuine political and social reform.

But to the Saudis, the rising disorder on their borders fit a pattern of Iranian meddling. A year earlier, they were convinced that Iran was stoking a rebellion in Yemen's north among a Shiite-dominated rebel group known as the Houthis. Few outside observers saw extensive ties between Iran and the Houthis. But the Saudis nonetheless viewed the nationwide Yemeni protests in that context. In Bahrain, where many Shiites openly nurture cultural and religious ties to Iran, the Saudis saw the case as even more open-and-shut. To their ears, these suspicions were confirmed when many Bahraini protesters moved beyond demands for greater political and economic participation and began demanding a constitutional monarchy or even the outright ouster of the Al-Khalifa family. Many protesters saw these as reasonable responses to years of empty promises to give the majority Shiites a real share of power—and to the vicious government crackdown that had killed seven demonstrators to that point.

But to the Saudis, not to mention Bahrain's ruling family, even the occasional appearance of posters of Lebanese Hezbollah leader Hassan Nasrallah amid crowds of Shiite protesters pumping their fists and chanting demands for regime change was too much. They saw how Iran's influence has grown in Shiite-majority Iraq, along their northern border, and they were not prepared to let that happen again.

As for the U.S., the Saudis saw calls for reform as another in a string of disappointments and outright betrayals. Back in 2002, the U.S. had declined to get behind an offer from King Abdullah (then Crown Prince) to rally widespread Arab recognition for Israel in exchange for Israel's acceptance of borders that existed before the 1967 Six Day War—a potentially historic deal, as far as the Saudis were concerned. And earlier this year, President Obama declined a personal appeal from the king to withhold the U.S. veto at the United Nations from a resolution condemning continued Israeli settlement building in Jerusalem and the West Bank.

The Saudis believe that solving the issue of Palestinian statehood will deny Iran a key pillar in its regional expansionist strategy—and thus bring a win for the forces of Sunni moderation that Riyadh wants to lead.

Iran, too, was starting to see a compelling case for action as one Western-backed regime after another appeared to be on the ropes. It ramped up its rhetoric and began using state media and the regional Arab-language satellite channels it supports to depict the pro-democracy uprisings as latter-day manifestations of its own revolution in 1979. "Today the events in the North of Africa, Egypt, Tunisia and certain other countries have another sense for the Iranian nation.… This is the same as 'Islamic Awakening,' which is the result of the victory of the big revolution of the Iranian nation," said Ayatollah Ali Khamenei.

Iran also broadcast speeches by Hezbollah's leader into Bahrain, cheering the protesters on. Bahraini officials say that Iran went further, providing money and even some weapons to some of the more extreme opposition members. Protest leaders vehemently deny any operational or political links to Iran, and foreign diplomats in Bahrain say that they have seen little evidence of it.

March 14 was the critical turning point. At the invitation of Bahrain, Saudi armed vehicles and tanks poured across the causeway that separates the two countries. They came representing a special contingent under the aegis of the Gulf Cooperation Council, a league of Sunni-led Gulf states, but the Saudis were the major driver. The Saudis publicly announced that 1,000 troops had entered Bahrain, but privately they concede that the actual number is considerably higher.

If both Iran and Saudi Arabia see themselves responding to external threats and opportunities, some analysts, diplomats and democracy advocates see a more complicated picture. They say that the ramping up of regional tensions has another source: fear of democracy itself.

Long before protests ousted rulers in the Arab world, Iran battled massive street protests of its own for more than two years. It managed to control them, and their calls for more representative government or outright regime change, with massive, often deadly, force. Yet even as the government spun the Arab protests as Iranian inspired, Iran's Green Revolution opposition movement managed to use them to boost their own fortunes, staging several of their best-attended rallies in more than a year.

Saudi Arabia has kept a wary eye on its own population of Shiites, who live in the oil-rich Eastern Province directly across the water from Bahrain. Despite a small but energetic activist community, Saudi Arabia has largely avoided protests during the Arab Spring, something that the leadership credits to the popularity and conciliatory efforts of King Abdullah. But there were a smattering of small protests and a few clashes with security services in the Eastern Province.

The regional troubles have come at a tricky moment domestically for Saudi Arabia. King Abdullah, thought to be 86 years old, was hospitalized in New York, receiving treatment for a back injury, when the Arab protests began. The Crown Prince, Sultan bin Abdul Aziz, is only slightly younger and is already thought to be too infirm to become king. Third in line, Prince Nayaf bin Abdul Aziz, is around 76 years old.

Viewing any move toward more democracy at home—at least on anyone's terms but their own—as a threat to their regimes, the regional superpowers have changed the discussion, observers say. The same goes, they say, for the Bahraini government. "The problem is a political one, but sectarianism is a winning card for them," says Jasim Husain, a senior member of the Wefaq Shiite opposition party in Bahrain.

Since March 14, the regional cold war has escalated. Kuwait expelled several Iranian diplomats after it discovered and dismantled, it says, an Iranian spy cell that was casing critical infrastructure and U.S. military installations. Iran and Saudi Arabia are, uncharacteristically and to some observers alarmingly, tossing direct threats at each other across the Gulf. The Saudis, who recently negotiated a $60 billion arms deal with the U.S. (the largest in American history), say that later this year they will increase the size of their armed forces and National Guard.

And recently the U.S. has joined in warning Iran after a trip to the region by Defense Secretary Gates to patch up strained relations with

Arab monarchies, especially Saudi Arabia. Minutes after meeting with King Abdullah, Mr. Gates told reporters that he had seen "evidence" of Iranian interference in Bahrain. That was followed by reports from U.S. officials that Iranian leaders were exploring ways to support Bahraini and Yemeni opposition parties, based on communications intercepted by U.S. spy agencies.

Saudi officials say that despite the current friction in the U.S.-Saudi relationship, they won't break out of the traditional security arrangement with Washington, which is based on the understanding that the kingdom works to stabilize global oil prices while the White House protects the ruling family's dynasty. Washington has pulled back from blanket support for democracy efforts in the region. That has bruised America's credibility on democracy and reform, but it has helped to shore up the relationship with Riyadh.

Rising Tensions in the Gulf

A look at the Sunni-Shiite divide in the Middle East and some of the key flashpoints in the cold war between Saudi Arabia and Iran

The deployment into Bahrain was also the beginning of what Saudi officials describe as their efforts to directly parry Iran. While Saudi troops guard critical oil and security facilities in their neighbor's land, the Bahraini government has launched a sweeping and often brutal crackdown on demonstrators.

It forced out the editor of the country's only independent newspaper. More than 400 demonstrators have been arrested without charges, many in violent night raids on Shiite villages. Four have died in custody, according to human-rights groups. Three members of the national soccer team, all Shiites, have also been arrested. As many as 1,000 demonstrators who missed work during the protests have been fired from state companies.

In Shiite villages such as Saar, where a 14-year-old boy was killed by police and a 56-year-old man disappeared overnight and showed up dead the next morning, protests have continued sporadically. But in the financial district and areas where Sunni Muslims predominate, the demonstrations have ended.

In Yemen, the Saudis, also working under a Gulf Cooperation Council umbrella, have taken control of the political negotiations to transfer power out of the hands of President Ali Abdullah Saleh, according to two Saudi officials.

"We stayed out of the process for a while, but now we have to intervene," said one official. "It's that, or watch our southern flank disintegrate into chaos."

Article 2.

The New York Post

The storm in Syria

Amir Taheri

April 16, 2011 -- Yesterday was supposed to be the first day of what Syrian despot Ba shar al-Assad had dubbed "social calm"; he hoped his mixture of promises and repressive measures would silence the pro-democracy uprising that has shaken the Ba'athist regime. Instead, the opposition mounted a "Friday of Resolution," with fresh nationwide marches against tyranny.

In addition to other empty moves, Assad had ordered the release of protesters arrested in the past four weeks provided they had not done "anything that might undermine the interests of the state and the nation's security." Those qualifiers meant that by yesterday evening only nine people had been set free, out of an estimated 1,200 arrested in 18 cities -- and scores more were arrested yesterday.

To be sure, the opposition didn't succeed in organizing a major march in the capital. But a crowd of no more than 600 marched from Damascus to the nearby town of Douma, where security forces have killed at least 30 demonstrators in the past two weeks.

Yesterday was a success for the opposition. It managed to defy the massive security buildup to hold demonstrations in at least 20 cities, underlining its nationwide appeal. It also managed to show its presence in Aleppo, the country's second most populous city, which had remained relatively quiet until now.

Also significant were the first demonstrations in the Druze areas, which had never before shown any sign of revolt against the Assad dynasty. Yesterday, Syria's biggest Druze city, Suwaidah, became an "Assad-free" zone as portraits of the despot and his father were burned in public.

With the Druze joining the uprising, all of Syria's dozen or so ethnic and religious communities are now marching under the banner of revolt against the Assad dynasty.

More important, perhaps, the day brought the first signs that at least parts of the security forces may be reluctant to shoot demonstrators in the street. According to my sources, security men have shot at least three soldiers on the spot for "disobedience."

"These were cold-blooded executions in the street," one source tells me. "The soldiers had refused to fire on marchers. They were killed by men from the Alawite minority to which Assad belongs."

Two of the three soldiers shot have been identified as Muhammad Awadh Qanbar and Murad Hajoo, who died in Maddiyah. A third soldier was shot in the port city of Banias.

In Tartus, Der'aah and the Kurdish city of Qamishli, Alawite elite units have replaced the regular army with orders to crush the demonstrations.

Some special Alawite units, known as al-Ashbah or "ghosts," appear in civilian clothes to kill demonstrators at random. The tactic is meant to terrorize the opposition, forcing it to stop its almost daily protests.

These terror tactics are starting to radicalize the opposition, but some groups still hope to reach a peaceful way out of the crisis. Several human-rights groups have joined in the Damascus Declaration, calling for a negotiated departure of Bashar al-Assad and his entourage with the Syrian army acting as an interim government.

Other groups, however, insist that the opposition is willing and able to set up a transitional authority and hold free elections, with the army ensuring the country's security.

The Assad clan is trying to convince the outside world, including the United States and the European Union, that the regime's fall could lead to chaos and sectarian wars. It claims the opposition is either too divided to form a government, or might fall under the domination of the Muslim Brotherhood.

Pro-democracy activists reject those claims. They tell me that they've been trying to establish formal contacts with both the US and EU to help the major democracies "acquire a more balanced view of the situation."

"Assad's voice is not the only one that comes out of Syria," says Wassim Turayf, a spokesman for the protesters. "The outside world should listen to other voices."

Article 3.

The American Interest

Political Order in Egypt

Francis Fukuyama

May - June 2011 -- While academic political science has not had much to tell policymakers of late, there is one book that stands out as being singularly relevant to the events currently unfolding in Tunisia, Egypt and other Middle Eastern countries: Samuel Huntington's Political Order in Changing Societies, first published over forty years ago.1 Huntington was one of the last social scientists to try to understand the linkages between political, economic and social change in a comprehensive way, and the weakness of subsequent efforts to maintain this kind of large perspective is one reason we have such difficulties, intellectually and in policy terms, in keeping up with our contemporary world.

Huntington, observing the high levels of political instability plaguing countries in the developing world during the 1950s and 1960s, noted that increasing levels of economic and social development often led to coups, revolutions and military takeovers rather than a smooth transition to modern liberal democracy. The reason, he pointed out, was the gap that appeared between the hopes and expectations of newly mobilized, educated and economically empowered people on the one hand, and the existing political system, which did not offer them an institutionalized mechanism for political participation, on the other. He might have added that such poorly institutionalized regimes are also often subject to crony capitalism, which fails to provide jobs and incomes to the newly educated middle class. Attacks against the existing political order, he noted, are seldom driven by the poorest of the poor; they instead tend to be led by rising middle classes who are frustrated by the lack of political and economic opportunity—a phenomenon noted by Alexis de Tocqueville in his masterful analysis of the origins of the French Revolution and raised again in the early 1960s by James Davies's well known "J-curve" theory of revolution.2

Something like this Huntingtonian process has unfolded in recent months in both Tunisia and Egypt. In both cases, anti-government protests were led not by the urban poor or by an Islamist underground, but by relatively well-educated middle-class young people used to communicating with each other via Facebook and Twitter. It is no accident that Wael Ghonim, Google's regional head of marketing, emerged as a symbol and leader of the new Egypt. The protesters' grievances centered around the fact that the authoritarian regimes of Ben Ali and Mubarak offered them no meaningful pathway to political participation, as well as failing to provide jobs befitting their social status. The protests were then joined by other groups in both societies—trade unionists, Islamists, peasants and virtually everyone else unhappy with the old regimes—but the driving force remained the more modern segments of Tunisian and Egyptian society.

Societies lacking institutions that could accommodate new social actors produced a condition Huntington labeled praetorianism, in which political participation took the form of strikes, demonstrations, protests and violence. The military often seized power in such circumstances because it was the only organized actor in society capable of running a government. The Egyptian Republic's first autocrat, Gamal Abdel Nasser, came to power in precisely this manner back in July 1952, when his Free Officers movement represented the rising Egyptian middle class. The tragedy of modern Egypt is that there has been scarcely any meaningful political development in the more than half-century since then—meaning, in

Huntington's terms, the rise of modern institutions that could peacefully channel citizen participation.

Socioeconomic development, meanwhile, has proceeded apace: Between 1990–2010 Tunisia's Human Development Index (a composite measure of health, education and income compiled by the UN) rose 30 percent, while Egypt's rose 28 percent. Both countries produced tens of thousands of college graduates with no discernable future and a lopsided income distribution in which a disproportionate share of the gains from growth went to a small group of politically connected insiders. Huntington's analysis of Egypt in the 1950s and 1960s thus remains eerily relevant today.

In Political Order Huntington was also making a broader point about the process of development itself. The significance of his book needs to be seen against the backdrop of post-World War II modernization theory, which in turn drew on classic 19th-century European social theory articulated by academics like Edward Shils, Talcott Parsons and Walt W. Rostow. American modernization theory argued that development was a single, seamless process. Economic development, changing social relationships like the breakdown of extended kinship groups and the growth of individualism, higher and more inclusive levels of education, normative shifts toward values like "achievement" and rationality, secularization and the growth of democratic political institutions, were all seen as an interdependent whole.

By pointing out that the good things of modernity did not necessarily go together, Huntington played a key role in killing off modernization theory. Political development was a separate process from socioeconomic development, he argued, and needed to be understood in its own terms. The conclusion that flowed from this point of view seemed at the time counterintuitive to the point of stunning: Without political development, the other aspects of modernization could lead to bad results—to tyranny, civil war and mass violence.

There were other reasons why Western modernization theory fell into disrepute by the 1970s: It came to be regarded as too Eurocentric—indeed, as too Americentric insofar as it seemed to posit American society as the pinnacle of modernization. It failed to recognize the possibility that countries like Japan and China might take roads to modernity that would look very different from the ones pioneered by Britain and the United States. But even if one agreed that the end point of development should be some form of industrialized liberal democracy, Huntington made it clear that arriving at the desired destination was far more elusive and complicated than modernization theorists believed.

The central piece of policy advice that emerged out of Huntington's work was the concept of the "authoritarian transition." If political systems opened up to democratic contestation too early, before the development of political parties, labor unions, professional associations and other organizations that could structure participation, the result could be chaotic. Authoritarian regimes that could maintain order and promote economic growth, Huntington argued, might oversee a more gradual institutionalization of society, and make a transition to democracy only when broad participation could be peacefully accommodated. This form of sequencing, in which economic development was promoted before a democratic opening, was the path followed by Asian countries like South Korea and Taiwan, which made democratic transitions in the late 1980s only after they had succeeded in turning themselves into industrialized powerhouses. It was also the development strategy recommended by Huntington's former student Fareed Zakaria, as well as by the leaders of many authoritarian governments, who liked the idea of economic growth better than the idea of democratic participation.3 We will return to the question of how well that strategy worked in the Middle East later.

Development in Silos

As interesting and important as Huntington's work was, it lay outside of mainstream thinking about development, which from the start was a highly Balkanized academic field that was dominated by economists. Few scholars have sought to understand development as an inter-connected process with political, economic and social parts. Development economists looked primarily at economic factors like capital, labor and technology as sources of economic growth, and thought neither about the consequences of growth for politics nor the relationship of political institutions to growth. The Harrod-Domar growth model that was dominant in the 1950s suggested that less-developed countries were poor primarily because they lacked capital, which then led development agencies like the World Bank to try to kick start growth with generous infusions of capital for physical infrastructure. It was only when steel plants and shoe factories in sub-Saharan Africa went idle due to corruption or lack of organizational capacity that they were forced to go back to the drawing board.

The political scientists, for their part, scaled back their ambitions from large Huntingtonian-style theory and focused primarily on political phenomena. Beginning in the 1980s, there was increasing interest in the problem of transitions into and out of democracy; with democratic transitions in Spain, Portugal and nearly all of Latin America, this became a particularly pressing issue. There was some revival of interest in the democracy-development linkage, but it never led to a clear consensus on the causal links connecting the two phenomena.

The academic interest in transitions corresponded to the burgeoning of democracy promotion as a distinct field of international practice, both on the part of the United States and of other democracies around the world. The idea was planted during the 1970s, when the institutes linked with the German political parties played a key role in beating back an attempted Communist takeover in Portugal and facilitating that country's transition to democracy. The 1980s saw the establishment of the National Endowment for Democracy (NED), a taxpayer-funded but quasi-independent organization devoted to support of pro-democracy groups around the world. One of the NED's early successes was its funding of the Solidarity trade union in Poland before the collapse of communism. The 1990s saw the growth of a host of international organizations capable of monitoring elections and the funding of the Democracy and Governance branch of the U.S. Agency for International Development to the tune of almost $1.5 billion annually.

By the late 1990s, there was some degree of convergence in the agendas of economists and political scientists. By that point Douglass North and the school of "New Institutional Economics" he founded made economists aware of the importance of political institutions—particularly property rights—for economic growth. Economists increasingly sought to fold political variables like legal systems and checks on executive power into their models. Political science had itself been colonized at this point by economic methodology, and it was natural for such rational-choice political scientists to start looking at the economic impact of political institutions.

The return to a more interdisciplinary approach to development was marked as well by the tenure of James Wolfenson as President of the World Bank from 1995 to 2005.4 Wolfenson early on gave a speech on the "cancer of corruption" and signaled to the institution that, henceforth, political issues like corruption and good governance would be taken seriously. The publication of the 1997 World Development Report, The State in a Changing World, marked an intellectual break with the Washington Consensus focus on economic policy and state downsizing, and the Bank created a new branch devoted to reform of developing country public sectors. These changes constituted an open admission that politics was a critical component of development, and that the state was not simply an obstacle to growth but often a necessary underpinning for it. Increasingly, donor agencies have seen the promotion of democratic accountability as one tool in the fight against corruption.

This modest degree of convergence should not, however, obscure the continuing degree of compartmentalization that exists in the field of development. While paying lip service to the importance of institutions, most economists and field practitioners still see politics as at best an obstacle to the real work of development, which is improvement in incomes, health, education and the like, and not as an independent objective of development strategy. (Amartya Sen is an important exception to this generalization.) The democracy promotion agencies, for their part, spend relatively little time worrying about economic growth, social policy or public health, which in their view are goods often used by authoritarian regimes to buy off populations and prevent democratization.

The intellectual confusion surrounding development has led to severely Balkanized policies both in the United States and in the international community that often work at cross purposes from one another. For example, the authoritarian or semi-authoritarian regimes of Meles Zenawi in Ethiopia, Paul Kagame in Rwanda and Yoweri Museveni in Uganda have been aid darlings over the past decade because of their track records in promoting economic, health and social goals. At the same time, democracy promotion groups have been highly critical of them and have supported opposition groups and civil society organizations seeking accountability and limits on executive power. To be sure, aid agencies don’t object to greater government accountability on the part of these regimes, while the democracy promotion community wouldn't stand in the way of progress on HIV/AIDS or malaria. Yet no one takes a larger view and asks, for example, whether existing aid programs are helping to keep the regime in power or, conversely, are destabilizing it.

Egypt itself presents a good case of this particular form of policy incoherence. Despite the fact that Egypt ranks as one of the top American aid recipients, it is hard to say that Washington was pursuing development goals of any sort there. The United States was primarily interested in stability. Despite brave speeches on democracy by both Condeleezza Rice and Barack Obama in Cairo, the United States actually pulled its punches in pushing serious democratic reform on Egypt, particularly after the Hamas electoral victory in Gaza in 2006. Nonetheless, U.S. economic aid programs were still pushing education and economic policy reform programs in the country. Had American aid administrators taken the Huntingtonian view that their assistance was covertly designed to promote an expectations gap and delegitimate Hosni Mubarak, this might have been a clever strategy. But no such cleverness existed. Instead, it was simply an example of compartmentalized aid programs doing their thing in ignorance of the interdependent effects of politics and economics.

What Is to Be Done?

Ideas precede action. Before we can hope to generate a coherent set of policies for Egypt, or anywhere else for that matter, we need a better understanding of development—that is, how changes in economy, politics and society over time constitute a set of discrete yet interlinked processes. Whatever the shortcomings of classic modernization theory, it at least began from the insight that the phenomenon under study required development of a master social science that transcended existing disciplinary boundaries. This objective is as far away as ever in academia, where the traditional disciplines keep a chokehold on how younger academics think and do research. Today, the single most popular form of development dissertation in both economics and political science is a randomized micro-experiment in which the graduate student goes out into the field and studies, at a local level, the impact of some intervention like the introduction of co-payments for malaria mosquito netting or changes in electoral rules on ethnic voting. These studies can be technically well designed, and they certainly have their place in evaluating projects at a micro level. But they do not aggregate upwards into anything that can tell us when a regime crosses the line into illegitimacy, or how economic growth is changing the class structure of a society. We are not, in other words, producing new Samuel Huntingtons, with the latter's simultaneous breadth and depth of knowledge.

On a policy level, we need far more mutual understanding between those who promote socioeconomic development and those who work on democracy promotion and governance. Traditional development agencies like USAID already think politically to the extent that their aid projects are designed to support U.S. foreign policy. But they, like their counterparts in multilateral organizations like the World Bank, are not trained to do political economy analysis; they do not seek an understanding of the political context within which aid is used and abused, and what is not sought is very rarely found. We call for the liberalization of ports in Haiti, for example, without trying to understand which particular politicians are benefiting from existing arrangements that keep them closed. For their part, democracy promoters focus on democratic transitions, providing help to opposition parties and civil society organizations in authoritarian countries. But once a transition occurs, as it did after the Orange and Rose revolutions in Ukraine and Georgia, they have relatively little to offer new democratic governments in terms of policy agendas, anti-corruption strategies or help in improving the delivery of services that citizens want.

Beyond these relatively minor adjustments, a more robust theory of social change might tell us that, in certain circumstances, the best way to destabilize an authoritarian society would be not the funding of civil society groups seeking short-term regime change, but rather the promotion of rapid economic growth and the expansion of educational access.5 Conversely, there are many societies we know will simply waste development assistance dollars because they are ruled by unaccountable authoritarian regimes. In such circumstances, it might be a more efficient use of aid resources to cut development aid entirely and to work only for political change. This is, in effect, what has happened to Zimbabwe under Robert Mugabe, but the country had to sink very far before anyone considered pulling the aid plug.

Huntington got a number of things wrong. The authoritarian transition was not a universally applicable formula for development. It worked reasonably well in East Asia, where there were a number of figures like Lee Kwan Yew, Park Chung-hee or the Chinese Communist Party leadership, who used their autocratic powers to promote rapid development and social change. Arab authoritarians were cut from a different cloth, content to preside over economically stagnant societies. The result was not a coherent development strategy but a wasted generation.

The aspiration of social science to replicate the predictability and formality of certain natural sciences is, in the end, a hopeless endeavor. Human societies, as Friedrich Hayek, Karl Popper and others understood, are far too complex to model at an aggregate level. Contemporary macroeconomics, despite dealing with social phenomena that are inherently quantified, is today in crisis due to its utter failure to anticipate the recent financial crisis.

The part of social change that is the hardest to understand in a positivistic way is the moral dimension—that is, the ideas that people carry around in their heads regarding legitimacy, justice, dignity and community. The current Arab uprising was triggered by the self-immolation of an overeducated 26-year-old Tunisian vegetable seller whose cart was repeatedly confiscated by the authorities. After Mohamed Bouazizi was slapped by a policewoman when he tried to complain, he reached the end of his tether. Bouazizi's public suicide turned into a social movement because contemporary communications technologies facilitated the growth of a new social space where middle-class people could recognize and organize around their common interests. We will probably never understand, even in retrospect, why the dry tinder of outraged dignity suddenly ignited in this fashion in December 2010 as opposed to 2009, or ten years before that, and why the conflagration spread to some Arab countries but not to others. But we can certainly do a better job in putting together the few pieces we do understand, in a way that would be useful to policymakers coping with the reality of social change.

1Huntington, Political Order in Changing Societies: With a New Forward by Francis Fukuyama (Yale University Press, 2006).

2Davies, "Towards a Theory of Revolution", American Sociological Review, Vol. 27 (1962).

3Zakaria, The Future of Freedom: Illiberal Democracy at Home and Abroad (W. W. Norton, 2003); see also Zakaria, "A Conversation with Lee Kuan Yew", Foreign Affairs (March/April 1994).

4For a description of the Wolfenson presidency, see Sebastian Mallaby, The World's Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations (Penguin Press, 2004).

5See Harold James's retroview, entitled "Growing Pains", of a classic December 1963 essay by Mancur Olson ("Rapid Growth as a Destabilizing Force") in The American Interest (September/October 2006).

Article 4.

NYT

The Budget Debate, Revealed

Richard W. Stevenson

April 16, 2011 — The air in the capital these days is thick with references to trillion-dollar deficits, debt-to-G.D.P. ratios and mandatory spending. But the budget debate that became fully engaged last week is about far more than accounting and arcane policy disputes. What is under way now is the most fundamental reassessment of the size and role of government — of the balance between personal responsibility and private markets on the one hand and public responsibility and social welfare on the other — at least since Ronald Reagan and perhaps since F.D.R.

The battle ahead "is the big one, and goes to the very major questions about the role of government," said G. William Hoagland, a former Republican staff director of the Senate Budget Committee. "This is going to be a very fundamental clash of ideologies."

The Democratic and Republican Parties have their own internal tensions to address as the debate goes forward in Congress and on the presidential campaign trail. But in its early stages at least, it is liberals who are on the defensive.

The aging of the baby boom generation and the costs of maintaining Medicare and Social Security have put the two pillars of the social welfare system on the table for re-examination. The growing weight of the national debt has given urgency to the question of whether the government has become too big and expensive.

The tepid nature of the current economic recovery, following big stimulus packages, has provided an opening to challenge the effectiveness of Keynesianism as the default policy option for government. And the revived energy of grass-roots conservatives has given electoral clout to the movement's intellectual and constitutional arguments.

Arthur Brooks, president of the American Enterprise Institute, the conservative research organization, said, "The optimistic view is that we have a confluence of the business cycle, of the demography and of the politics that makes it not just possible to achieve real change, but impossible that we not deal with these things if we want this country to continue on the path envisioned by the founders." So just two and a half years after a presidential election that was in part a repudiation of conservative governance, and with the nation still smarting from the aftereffects of a financial crisis that grew out of failures of markets and regulation, President Obama finds himself in a somewhat surprising position: forced to articulate and sell a vision of how liberalism and the institutions it built in the 20th century can be updated for the constraints of the 21st.

The speech he delivered Wednesday at George Washington University in Washington was his most ambitious effort so far to do so. In it, he harnessed the language of both left and right to argue against the extremes on both sides while suggesting that many of their core principles were not mutually exclusive — in other words, that Great Society values can endure in a Tea Party moment.

He defined "patriotism" as a shared sense of responsibility for the vulnerable and less fortunate. Basic standards of security for the elderly and poor and government investment in a more prosperous future, he said, can not only coexist with a tradition of "rugged individualists with a healthy skepticism of too much government," but are also a vital part of what makes America exceptional.

"We are a better country because of these commitments," he said. "I'll go further — we would not be a great country without those commitments."

Republicans in Congress, he suggested, would shred that tradition under cover of a debate that is only nominally about the budget. “The fact is,” he said, “their vision is less about reducing the deficit than it is about changing the basic social compact in America.”

Conservatives would and did object to his implication of heartlessness, but not necessarily to his assessment of their ambition.

The Republican plan put forward by Representative Paul Ryan of Wisconsin, the chairman of the Budget Committee, and adopted by the House on Friday as its policy blueprint for the next decade contains a substantial dose of deficit reduction but is really a manifesto for limited government.

It would take big steps toward privatizing Medicare, slash upper-income tax rates, repeal last year’s health care law, bite deeply into nearly all federal programs and try to cap the size of government relative to the economy. But it also imposes a self-consciously moral judgment on the government’s role, suggesting that the same kind of demand for added personal responsibility that was embedded in the 1996 overhaul of welfare should now be applied more broadly, to food stamps, housing aid and health care for the elderly and the poor.

“The safety net should never become a hammock, lulling able-bodied citizens into lives of complacency and dependency,” Mr. Ryan’s budget proposal says.

William A. Galston, who was a domestic policy aide to President Bill Clinton and is now a scholar at the Brookings Institution, said Mr. Ryan deserved credit of a sort for addressing head-on the implications of the Republican Party’s increasingly rigid antitax posture, which since it took root in the late 1970s has put greater and greater pressure on budgets and the social programs they support.

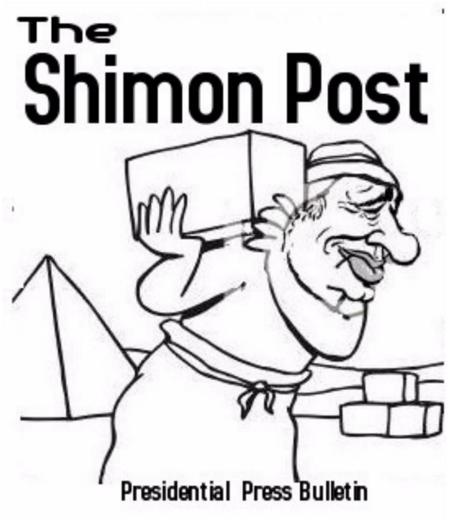
“It represents the first serious effort to begin to bring Republican social policy commitments in line with their fiscal and tax commitments,” Mr. Galston said.

But he said Democrats, too, faced a credibility test. “They have held fast to the security programs in place since the 1930s, but without being able to successfully challenge the antitax orthodoxy,” he said. “The problem the Democrats have is that they can no longer say with a straight face that raising taxes on the wealthy is going to enable them to pay over the next generation for the programs they cherish. So what do you do?”

That question is being asked quietly within both parties, each of which faces its own internal tensions about how to proceed.

There are Republicans who fear that voting for the Ryan plan will put them out of step with their constituents. There are Democrats who think the tax-and-spend label is all too accurate. There are Republicans who might countenance voting for tax increases, and there are Democrats who are willing to meaningfully scale back the benefits promised by Social Security, Medicare and Medicaid.

In the Senate, a group of Democrats and Republicans operating independently of party leaders is trying to come up with a plan that neither party would like but both would accept as necessary. But they are debating basic values; it would no doubt be much easier if the argument was just about numbers.



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Article 1.

The Financial Times

Iran will not hinder plans for a nuclear-free world

Tom Donilon

April 17 2011 -- Two years ago this month in Prague, President Barack Obama proposed steps to advance the goal of "a world without nuclear weapons". In the 24 months since, we have laid the foundation for these next steps in arms control. But now new action is needed.

The record so far is strong. The new Start treaty with Russia will see the lowest level of deployed nuclear weapons since the 1950s. The UN Security Council has imposed unprecedented sanctions on Iran and North Korea for failing to meet their obligations. And enough nuclear materials for hundreds of weapons have been removed, secured or eliminated around the world.

Now, to end illegal nuclear programmes and stop proliferation, we will maintain pressure on both Iran and North Korea. Iran, in particular, is trying to exploit the changes sweeping across the Middle East. But the hypocrisy of claiming to support reform in other countries while suppressing it at home is obvious for all the world to see. Some believe that the changes in the region will increase Iran's influence. In fact the opposite will happen: in a Middle East where more citizens determine their own destiny, Iran will be increasingly isolated by its actions.

Elsewhere, we will work to secure the world's vulnerable nuclear materials within four years, and use a new international fuel bank to ensure that the use of nuclear energy does not lead to proliferation. We will also seek to bring the Comprehensive Test Ban treaty into force, while pursuing a further treaty to ban the production of fissile material for nuclear weapons.

Significant political hurdles must be overcome to make progress on these last two aims. In the case of the CTBT, we must build support in the US Senate by showing that the treaty will advance American interests, especially by limiting the current nuclear build-up in Asia. Meanwhile if a deal to proceed with negotiations for the Fissile Material Cutoff treaty proves illusive, we will move to create a new forum of like-minded states to move forward.

As we implement the new Start treaty, the next round of nuclear weapons reductions must also begin. A review, under President Obama's direction, will develop options for new reductions in the US stockpile. Once complete, this will shape our approach to a new agreement with Russia. Past agreements have only dealt with some categories of nuclear weapons, but we believe the next round must be as wide as possible, including both non-deployed and tactical nuclear weapons.

We must address the issue of Russia's tactical nuclear weapons, which have never been subject to numerical limits. To do this we seek to reduce the role and number of US tactical nuclear weapons, as Russia takes reciprocal measures to reduce its own tactical forces, and also to relocate these away from Nato's borders. We would also like increased transparency concerning the numbers, locations and types of these tactical forces in Europe.

These new reductions will not be easy. While protecting national security information both sides will need to be able to monitor nuclear weapons in storage and weapons awaiting destruction. This means more demanding verification, to confirm that any future agreements will actually be implemented – and we plan to begin discussions on this with Russia in the near future.

Finally, the US remains committed to an effective missile defence system to defend against emerging missile threats, such as from Iran and North Korea. In Europe our approach was embraced by Nato at the Lisbon summit, and it paves the way for missile defence co-operation between Russia and the US, enhancing the security of both nations, and Europe.

Standing in Prague two years ago, President Obama said some believe “we are destined to live in a world where more nations and more people possess the ultimate tools of destruction”. But he also warned that “such fatalism is a deadly adversary”. Two years on, it is clear that, when the international community works together to meet a shared threat, progress is possible. We remain confident that if this momentum is sustained, a world where fewer nations possess these ultimate tools of destruction is within our grasp.

The writer is national security adviser to President Barack Obama.

Article 2.

World Affairs

Yes, Nukes: The Global Zero Utopia

Richard Perle

March/April 2011 -- There are many specters haunting our world, but one is of our own making—the utopian vision of a world free of nuclear weapons, the dream that has come to be called “global zero.” The vision of the total elimination of nuclear weapons is a postmodern version of an old idea, popular early in the twentieth century, when Norman Angell’s The Great Illusion (reprinted in 1933) was required reading in intellectual and policy circles in the United States and Europe. Seventy-six years before Barack Obama was honored in Oslo, Norman Angell also won the Nobel Prize, having come to prominence with the argument that global economic interdependence rendered war futile and unprofitable and therefore obsolete.

In the wake of the Bush administration, what lies in store for the future of America's presence abroad?

Angell’s theory expressed the war-weary and wishful temper of the time. Enthusiasm for achieving peace through international institutions and legal constructs ran high in the period after the disastrous First World War, its most fulsome expression being the Kellogg-Briand Pact, named for its authors, an American secretary of state and a French foreign minister. Ratified by parliaments around the world (and by the US Senate on an 85–1 vote, with only Wisconsin Republican John J. Blaine voting against), the pact sought to deal with the problem of international aggression by simply outlawing war. Less than two years after the pact entered into force in 1929, one of the signatories, Japan, invaded Manchuria. The world “community”—that is, the rest of the treaty parties—did nothing.

Other signatories followed suit: Italy invaded Abyssinia in 1935 and Germany launched World War II with the invasion of Poland in 1939.

The great powers that signed the Kellogg-Briand Pact understood its utopian character, but they affirmed it anyway. As with any public endorsement that embraces virtue and rejects vice, the pact appeared to offer little to lose. What did it matter if there was no reasonable assumption that all parties would act in good faith, and no mechanism for enforcement? What harm could come from a lofty ideal formalized with fanfare and champagne in Paris? Realists among its supporters argued that even if prohibiting war couldn't actually end aggression, it would at least bolster the principle that disputes should be resolved peacefully. Outlawing war made good people feel better; how could that be bad?

But, looking back, we can see that the illusion created by Kellogg-Briand, that war had been outlawed, together with widespread but unjustified faith in the League of Nations, was part of the negligence that allowed Hitler to build his strength and seize vast territories from his neighbors without serious opposition. The Kellogg-Briand frame of mind contributed to the responsibility-evading defense and foreign policies of Britain, France, and others in the 1930s, countries that might have stopped Adolf Hitler in his tracks if they had not been so wishful and unrealistic. Far from making the world safer, proclaiming the "norm" of nonaggression had lulled the great powers into a lethal vulnerability. The lesson here is that nations, by indulging utopianism, do not necessarily make the world more idealistic. In fact, they may help bring about the very evils they are trying to eliminate.

Asserting that the world should forsake nuclear weapons sounds—and is—a lot like declaring that war should be illegal. And the arguments for adopting the goal of "global zero" are no more convincing now than the arguments in support of the Kellogg-Briand pact eighty-two years ago or those advanced at the General Disarmament Conference in Geneva that followed in 1932. When the discussions in Geneva bogged down after a year of talk, President Roosevelt insisted that “if all nations would agree to eliminate entirely from possession and use the weapons which make possible a successful attack, defenses automatically would become impregnable and the frontiers and independence of every nation would become secure.” Therefore, he said, the ultimate objective of the conference must be “complete elimination of all offensive weapons.”

So what is today’s argument for the complete elimination of all nuclear weapons, a goal President Obama embraced to wild applause in Prague in 2009? The statement that launched “global zero” appeared in the Wall Street Journal on January 4, 2007, under the title “A World Free of Nuclear Weapons.” Signed by George Shultz, Henry Kissinger, William Perry, Sam Nunn, and others, it was the product of a conference at the Hoover Institution at Stanford University in October of the previous year. It is a tribute to the reputation and high standing of the authors that their statement has been endorsed by many statesmen and policy officials who regard themselves as realists, as well as precipitating a worldwide campaign supporting the concept, if not the details, of a nuclear-free world. [1] The article has been followed by further statements from them and others, as well as movies, media appearances, press conferences, congressional and presidential speeches, international conferences, demonstrations, and the like. “Global zero” organizations have been established on many university campuses in the US and abroad, and tens of millions of dollars have flowed into research institutions and advocacy groups in support of the idea of the total elimination of nuclear weapons. With T-shirts, bumper stickers, and celebrity endorsements, it’s a full-blown happening.

In addition to “setting the goal of a world free of nuclear weapons,” the 2007 statement argued for a number of practical measures to diminish the likelihood that nuclear weapons would fall into “dangerous hands,” or that they would be launched by accident, or that countries interested in, but not now possessing, such weapons would succeed in acquiring them. A number of these measures are doable and desirable, but some are dubious. Altering the posture of nuclear weapons now deployed so that they need not be launched urgently, thereby increasing warning time and diminishing the danger of an accidental or unauthorized launch, would be a useful thing to do—although there is room for debate about how best to accomplish this. The end of the Cold War should have brought an end to deterrent forces poised for instantaneous launch (which in the extreme case could mean launching missiles on the strength of radar warnings) but, unfortunately and dangerously, old habits die hard. Reducing or eliminating the number of short-range nuclear weapons that are designed to be forward deployed would also be useful, since these are the small, highly mobile weapons that could fall into the wrong hands far more readily than large, central strategic systems that are carefully controlled. Most of the short-range weapons deployed today are Russian, however, and the Russians have resisted American proposals to adopt limits on their number. (Given Russia’s strong interest in limiting strategic weapons, it is difficult to understand why the Obama administration did not insist on some limits on short-range nuclear weapons as a condition for the New START Treaty. Unused leverage is a squandered opportunity.)

“Providing the highest possible standards of security for all stocks of weapons, weapons-useable plutonium and highly enriched uranium everywhere in the world,” another of the 2007 statement’s recommendations, is an obvious thing to do. But there is an unacknowledged conflict between this goal and another of the authors' recommendations—ratification of the Comprehensive Test Ban Treaty. That treaty could lock us in to weapons designs that are less safe and secure than others that might one day be developed, but whose development might necessitate testing. (The current administration's ideological opposition to any innovation in the design of our increasingly obsolete weapons—with the result that we are not, for example, introducing technology to make them unusable, should they fall into unauthorized hands—is overly rigid and shortsighted. It is too bad that the authors of the statement didn't make this point.)

Shultz, Kissinger, et al. correctly urge that international measures be taken to place control of the nuclear fuel cycle in safe hands. But accomplishing this task is complicated by the legacy of the "Atoms for Peace" concept dating back to the Eisenhower administration and enshrined in the Nuclear Non-Proliferation Treaty (NPT). Rich in unintended consequences, Atoms for Peace promised that nations pledging (i.e., merely pledging) not to acquire nuclear weapons would be eligible to receive assistance with their civilian nuclear programs from the advanced nuclear powers. The problem is that the infrastructure supporting civilian nuclear power gets you well down the road to nuclear weapons. In fact, from its inception, Atoms for Peace has spread nuclear technology around the world. India's nuclear program, for example, grew from its cooperation with Canada, which supplied the reactor that enabled India's bomb.

The NPT has become the poster child for opposition to the spread of nuclear weapons. Yet, ironically, faith in its capacity actually to restrain the proliferation of nuclear weapons is at least misplaced—and possibly much worse. For one thing, the belief that the NPT is robust enough, and its institutions effective enough, can easily become an excuse for individual nations to do no more than the treaty process requires—and that, in turn, depends on a consensus at the UN. For another, the NPT incorporates the utopian vision of global zero and even sails beyond it, calling for "general and complete disarmament that liquidates, in particular, nuclear weapons." Since almost no governments anywhere in the world actually believe in "general and complete disarmament," the effect of its inclusion in the NPT simply robs that treaty of any gravity.

It is widely accepted among those who think the Non-Proliferation Treaty is the key to containing the spread of nuclear weapons that control of the international fuel cycle must be achieved by an international consensus and administered and enforced by the UN or comparable body. But suppose a much smaller group of nations—a coalition of the willing, perhaps—sought to control the nuclear fuel cycle, or at least deal with would-be proliferators in a firm, timely and decisive manner: Could such a coalition achieve legitimacy in light of the universalist conceit of the NPT? Would it even contemplate action outside the treaty?

But what made the 2007 Wall Street Journal article so important was not its prescription for obviously necessary measures such as ensuring controls for nuclear fuel. It was that its appearance reinforced a growing utopianism that has flowered into a movement for "a world free of nuclear weapons," a movement whose momentum is reminiscent of the 1980s movement for a "nuclear freeze"—a Soviet-manipulated protest aimed at halting Ronald Reagan's modernization of the American nuclear deterrent. Shultz, Kissinger, Perry, and Nunn should have foreseen that their statement would be seized upon by irresponsible actors. All four, after all, opposed the nuclear freeze movement of the 1980s.

The goal of a nuclear-free world was made even more emphatic in a second article, also in the Wall Street Journal, that the authors wrote a year after the first one (January 15, 2008): "Progress must be facilitated," they said, "by a clear statement of our ultimate goal. Indeed, this is the only way to build the kind of international trust and broad cooperation that will be required to effectively address today's threats. Without the vision of moving toward zero, we will not find the essential cooperation required to stop our downward spiral."

The "downward spiral" has little to do with the nuclear strategic relationship between the United States and Russia, although the authors have, in both statements, called for ratification of the New START Treaty. In fact, that relationship has declined in importance to the point where it makes little difference whether the Russians have more nuclear weapons or fewer than they have now. The calculations of the consequences of a nuclear exchange between the United States and Russia, a proper obsession during the Cold War, are no longer relevant and, despite President Obama's overblown claims, the New START Treaty is of no substantial benefit.

What the "downward spiral" refers to is the world's descent into the dangerous disorder of a fast-growing number of nuclear-armed states—North Korea already, with Iran and others to follow. It is the bloody prospect of nuclear weapons in the hands of irresponsible regimes, or even terrorists, that has galvanized Shultz, Kissinger, Perry, and Nunn, and which urges the development of a post–Cold War nuclear weapons strategy.

In other words, the utopian vision of a world without nuclear weapons is driven principally by the fear of nuclear proliferation. The fear of many more nuclear weapon states is the key matter of concern for serious people, not cutting or fine-balancing—Cold War style—the US and Russian nuclear arsenals. The case for global zero hinges on whether embracing that goal contributes to halting the proliferation of nuclear weapons.

I worry that the commitment to global zero, and the actions of existing nuclear states to advance toward that goal, will do more to spread than contain nuclear weapons—directly, by encouraging some current non-nuclear states to consider developing nuclear weapons, and indirectly, by displacing and undermining other more effective strategies. At the heart of the case for global zero is an argument—that reductions (on the way to zero) in our nuclear force will lead others to reduce theirs or curtail or abandon plans to acquire them altogether—that ignores history, logic, and politics.

One important reason why most friends and allies of the United States (Britain and France being the exceptions) have not sought nuclear weapons of their own has been our readiness to extend the protection of our nuclear deterrent to cover them. Germany, Japan, and South Korea, all quite capable of building nuclear weapons, went through even the precarious periods of the Cold War confident that our nuclear force made it unnecessary for them to have nuclear forces of their own. Where the United States was unwilling or unable to offer protection to countries that believed themselves threatened—India and Pakistan, for example—those countries did build independent nuclear capabilities. If the United States is seen to be heading toward eliminating its nuclear capabilities, countries that have relied on us may decide that they must acquire their own nuclear weapons. This is especially true in a region where another state, like Iran, is pursuing nuclear weapons and is likely to obtain them, thus alarming and frightening its neighbors into an arms race they would rather avoid. The sad history of the nuclearization of the Indian subcontinent, for instance, appears to have begun with India responding to China's nuclearization, followed by Pakistan responding to India's. If the United States is seen to be on a path to relinquishing nuclear weapons, is it reasonable to expect the Japanese and the South Koreans, long sheltered by our deterrent, to remain indifferent to the nuclear forces of China and North Korea?

Far more worrying, however, than the effect on friends and allies of the utopian excursion toward global zero is the effect of such thinking on such dangerous adversaries as Iran and North Korea. Is there any reason to believe that our embrace of that goal will discourage them from the vigorous pursuit of nuclear weapons? What could be more encouraging to Iran than the idea that they will be getting into the nuclear business just as we are getting out? Imagine Iran's supreme council meeting to discuss whether to continue the costly pursuit of nuclear weapons. "But what is the point of building these weapons?" asks a skeptical mullah. "We will have one or two and the Americans have thousands." Another replies: "Yes, but the Americans have declared their intention to eliminate nuclear weapons entirely. They say they have already started down that road. Shultz, Kissinger, Perry, Nunn, and even Obama himself are committed. Obama said: 'We have to insist, yes, we can.' Did you see them cheering in Prague? And when they have started getting rid of theirs, our small arsenal will not seem so puny."

Of course, proponents of global zero will say that we would never give up our last nuclear weapons if the Iranians (by that point having long ago acquired and stockpiled them) did not do the same. This argument comes close to saying the goal of global zero is a mere mirage, which leaves one wondering what benefits can be claimed for chasing it or pretending to believe it is real. International politics is played out in near real time, and the influence of future events, like future earnings, is deeply discounted by prudent officials. But one important point remains: as our nuclear capabilities dwindle, the value of even a few nuclear weapons rises (toward the end of these parallel processes, exponentially). This puts a burden on trust and verification that they simply cannot bear. I was once told by the prime minister of an important country in Europe that it was all but impossible to imagine the day when their last nuclear weapon would be handed over to some future international body, or destroyed. “I would certainly cheat,” the prime minister said. “And so would all the others.” I was in no way surprised by this admission.

I agree that the problem of nuclear proliferation is real. Dealing with it is an urgent and enormously important duty of the US government. But it is a mistake to define the problem in such a way as to suggest that any spread of nuclear weapons is dangerous or that nuclear weapons in Iranian hands should be regarded as the same as nuclear weapons in the hands of, say, Japan or Australia—or, for that matter, that the weapons themselves are the problem. Yet the proponents of global zero tend to deplore all nuclear weapons equally, no matter who holds them, and to regard any diminution of their number as a positive step because only subtraction leads to zero. But would a reduction in the number of North Korean weapons together with an increase in, say, those held by the French, yielding a net increase in the number of weapons, be a bad thing? The problem is not the weapons but the character of the regimes that possess them.

In many ways such a principle simplifies the proliferation problem and makes it less daunting. Focus on the miscreants, on the few countries seeking nuclear weapons whose possession of them would be dangerous or destabilizing or both. Sanction them. Isolate them. Undermine their regimes. Pressure them mercilessly. Do whatever it takes. But don’t offer to aid their “peaceful” nuclear programs in exchange for promises about weaponization that are so easily broken. And don’t let them get away with the insulting notion that until we ourselves disarm we have no right to demand that they halt their clandestine programs—as if the US nuclear arsenal poses the same danger to international peace and security as do the nuclear arsenals of the regimes of Kim Jong-il or the Iranian clerics.

The goal of zero nuclear weapons, often referred to by its sponsors as a “moral imperative,” inevitably delegitimizes and undermines support for those who have actually helped to keep the peace and have the potential to go on doing so. The opprobrium attached to ignoring or dismissing the goal of global zero has no influence on the Irans and North Koreas, but it does have an influence on us. It makes it easy, for example, for reflexively anti-nuclear voices in the Congress and the Obama administration (some have migrated from the former to the latter) to oppose even modest updating of our nuclear weapons and to make technical improvements taboo. Thoughtful proponents of global zero should admit that this is dangerous nonsense. They should, at a minimum, campaign with equal vigor for the modernization of our existing, shrinking nuclear arsenal.

Unfortunately, fixing on zero as the urgent issue before us obscures the real challenge: keeping nuclear weapons out of the hands of countries or organizations that might use them offensively. Seen from this viewpoint, the two most decisive acts against the proliferation of nuclear weapons were the Israeli attacks on Iraq's weapons program in 1981 and Syria's in 2008. The 1981 attack was widely, if hypocritically, condemned. The destruction of the Syrian facility was downplayed on all sides; and while the US had opposed it, it had the good sense to keep quiet after the fact.

There is much that we can do to slow the proliferation of nuclear weapons. Tougher sanctions against the Iranian regime, especially if they produced nationwide shortages of fuel for automobiles and made it more difficult to obtain outside technology, money, and expertise, would be a good place to start. How about sanctions to be applied to any individual who assists nuclear proliferators? Or serious sanctions against companies—and their executives—who provide material support? The more effective they became, the louder the message to others who might be tempted to seek weapons of their own. Why did the "international community," which passes endless motions against nuclear weapons, fail to follow up the destruction of the Syrian-North Korean clandestine weapons program with tough, punitive sanctions against Syria and North Korea? Their having been caught in flagrante delicto should trigger consequences beyond just the destruction of the clandestine facility.

Supporters of global zero sometimes argue that because we support it, other countries will be readier to help us confront Iran and North Korea. The idea seems to be that our support for eliminating all nuclear weapons makes it easier for, say, our European and Pacific allies to align themselves with robust anti-proliferation policies. The argument would be interesting if there were evidence to support it—but there is none. And there has been all too little backing for robust anti-proliferation policies anyway. There has been no observable difference in the readiness of other countries to pressure Iran or North Korea since Obama, who supports global zero, became president, compared to the help we got when George W. Bush, who did not support global zero, was in office.

Tough, effective measures to slow the spread of nuclear weapons are required—not utopian, solipsistic notions about how American disarmament is the key to world peace. It isn't. And the sooner we reject measures that won't work, the sooner we may find ones that do.

Richard Perle is a resident fellow at the American Enterprise Institute. He served as assistant secretary of defense for international security policy from 1981 to 1987 and afterward as a member of the Defense Policy Board, including three years as chairman.

[1] I believe the high regard in which Shultz, Kissinger, Perry, and Nunn are held is well deserved. In their long and extraordinary careers, they have each made important contributions to American and international security. We are all in their debt.

Article 3.

The Daily Star

Turkey's model may be a slippery slope

Soner Cagaptay

April 18, 2011 -- The so-called "Turkish model," in which an Islamist party heads an ostensible democracy, has been touted in recent weeks as the likely outcome in post-authoritarian Arab countries.

Likely, maybe, but Turkey's experience under the ruling Justice and Development Party, or AKP, suggests that such a path may also be a slippery slope.

The AKP does not aim to create a fundamentalist state in Turkey, but the ruling party's conservative policies might inadvertently lead to precisely that. For several years the AKP has been transforming Turkish society by making religion the moral compass of the country's body politic. This does not mean that the party wants to turn Turkey into a theocracy. But once narrowly defined faith becomes a guiding principle in formulating policy, fundamentalists claiming ideological purity become more competitive politically. Their demands for an even stricter implementation of religion-based rules and values risk pushing Turkish society toward radicalization.

History teaches us that fundamentalists always defeat conservatives in any competition for ideological purity. In the 11th century, the religiously conservative Almoravid movement swept the Muslim kingdom of Andalusia in reaction to its liberal ways, especially its embrace of progressive thought and acceptance of non-Muslims. Upon taking over Andalusia, the Almoravids enshrined their illiberal interpretation of Islam as the moral compass of society.

But the Almoravids' brand of conservatism was soon viewed as too lax by Muslims who were even more fundamentalist. The Almohads emerged to protest what they considered the Almoravids' "tolerance." Their takeover of Andalusia radicalized the society, leading to the persecution of non-Muslims and to religious warfare.

Turkey's Islamization under the AKP threatens to follow a similar, if more gradual, trajectory. The AKP's embrace of religious values is not the biggest problem of Turkish secularists. Rather, the larger threat is that, now that the AKP has pushed religion more to the center of Turkish social preoccupations, fundamentalists will gain carte blanche to challenge the AKP as "not Muslim enough."

Indeed, last November the AKP was moved to fire Ali Bardakoglu, the liberal head of Diyanet, Turkey's official religious authority that has historically checked fanaticism by building mosques and training imams while promoting a liberal understanding of Islam. The AKP replaced Bardakoglu with another well-known scholar, Mehmet Gormez, who has an avowedly more conservative take on Islam.

The new Diyanet chief's first act was to fire Ayse Sucu, who headed the organization's women's branch. Sucu's initiatives had included suggesting that women should be able to decide for themselves whether to cover their hair. Fundamentalist media and pundits were ecstatic at her ousting, claiming that it signaled that there was no room for a personal interpretation of Islam.

The AKP has promoted socially conservative values, such as the need for women to wear the Islamic headscarf and a disdain for alcohol. Turkish bureaucrats and businesspeople complain that embracing these practices to prove that one is a "good Muslim" has become a precondition for getting government promotions and contracts. Meanwhile, the AKP-run media watchdog recently scolded a television station for broadcasting a program about Suleiman the Magnificent that truthfully depicted the famously cosmopolitan Ottoman sultan drinking alcohol. The official warning followed an outcry led by AKP leaders and fundamentalists alike, who demanded that the show be banned. Radicals now have the upper hand in slowly ending Turkey's centuries-old drinking culture.

Or take the AKP's new Kurdish policy. In an effort to expand its base among Kurds before parliamentary elections next June, the party has emphasized Islam as a common denominator between Kurds and Turks, in order to undermine the secular Kurdish nationalist party. The plan may well help the AKP win the elections. However, it will also invite competition from religious radicals, such as the Kurdish Hezbollah – a violent Sunni group not linked to the Lebanese Shiite group of the same name. Kurdish Hezbollah boasts a wide grassroots network in southeast Turkey.

Recently, Kurdish Hezbollah's leadership, which had been imprisoned since a crackdown in the late 1990s, was released due to a legal loophole. The AKP's emphasis on Islam may mean it helps replace the secular-nationalist Kurdish movement with a religious-nationalist one. Don't be surprised if Kurdish Hezbollah begins suggesting that neither the AKP nor Diyanet are "Muslim enough" to represent Kurds.

Turkey's shift is bad news for the United States and Europe. The potential radicalization of the Turkish population is a pressing concern, given that Turkey recently eliminated visa restrictions for citizens of a number of Muslim countries – including Iran, Syria, Jordan and Libya. The move will facilitate cross-fertilization among radical groups in Turkey. Washington should start making contingency plans now to deal with radicals who will challenge the AKP's cooperation with the United States, particularly in Afghanistan.

Turkey's emboldened radicals will also take issue with Ankara's European Union policy – as if Turkey's EU accession plans did not already face enough obstacles. Given the large number of Turkish immigrants in Europe, the radicalization of the Turkish population, especially its Kurdish segment, will likely replicate itself in Europe. The AKP's religious bent, disconcerting in itself, can easily spin out of control. The lesson of the AKP experience for the Arab world, particularly give that Muslim Brotherhood-led governments may take over in the region, is that religious orthodoxy is an ideological beauty contest in which the winner is always the ugly guy.

Soner Cagaptay is director of the Turkish Research Program at the Washington Institute for Near East Policy, where he is also a senior fellow.

Article 4.

NYT

Al Qaeda Stirs Again

Juan C. Zarate

April 17, 2011 -- MANY in the West had taken comfort in Al Qaeda's silence in the wake of the uprisings in the Muslim world this year, as secular, nonviolent protests, led by educated youth focused on redressing longstanding local grievances, showcased democracy's promise and seemed to leave Al Qaeda behind.

Indeed, the pristine spirit of the Arab Spring does represent an existential threat to Al Qaeda's extremist ideology. But Al Qaeda's leaders also know that this is a strategic moment. They are banking on the disillusionment that inevitably follows revolutions to reassert their prominence in the region. And now Al Qaeda is silent no more — and is taking the rhetorical offensive.

In recent statements, Ayman al-Zawahri, Osama bin Laden's second-in-command, and Qaeda surrogates have aligned themselves with the protesters in Libya, Egypt and elsewhere, while painting the West as an enemy of the Arab people.

In North Africa, Al Qaeda in the Islamic Maghreb claimed that while protesters flooded the streets of Tunis and Cairo, it had been fighting in the mountains against the same enemies. Anwar al-Awlaki, a Yemeni-American cleric affiliated with Al Qaeda in the Arabian Peninsula, declared that in the wake of the revolutions, "our mujahedeen brothers ... will get a chance to breathe again after three decades of suffocation" and that "the great doors of opportunity would open up for the mujahedeen all over the world."

Mr. Zawahri has denounced democracy, arguing that toppling dictators is insufficient and that "justice, freedom, and independence" can be achieved only through “jihad and resistance until the Islamic regime rises.”

The chaos and disappointment that follow revolutions will inevitably provide many opportunities for Al Qaeda to spread its influence. Demographic pressures, economic woes and corruption will continue to bedevil even the best-run governments in the region. Divisions will beset the protest movements, and vestiges of the old regimes may re-emerge.

Al Qaeda and its allies don’t need to win the allegiance of every protester to exert their influence; they have a patient view of history. Although Washington must avoid tainting organic movements or being perceived as a central protagonist, the United States and its Western allies should not be shy about working with reformers and democrats to shape the region’s trajectory — and ensuring Al Qaeda’s irrelevance in the Sunni Arab world, the heart of its supposed constituency.

In countries where autocrats have been toppled (as in Egypt and Tunisia), we must help shape the new political and social environment; in nondemocratic, allied states (like the region’s monarchies), we need to accelerate internal reform; and in repressive states (like Iran, Libya and Syria), we should challenge the legitimacy of autocratic regimes and openly assist dissidents and democrats.

This is not about military intervention or the imposition of American-style democracy. It is about using American power and influence to support organic reform movements.

The United States Agency for International Development and advocacy organizations can help civil society groups grow; human rights groups can organize and assist networks of dissidents; and Western women’s groups and trade unions could support their counterparts throughout the Middle East. Wealthy philanthropists and entrepreneurs who are part of the Middle Eastern diaspora could make investments and provide economic opportunities for the region's youth, while technology companies interested in new markets could partner with anticorruption groups to aid political mobilization and increase government accountability and transparency. Hollywood and Bollywood writers and producers should lionize the democratic heroes who took to the streets to challenge the orthodoxy of fear.

A focused campaign to shape the course of reform would align our values and interests with the aspirations of the protesters. More important, it would answer the challenge from Al Qaeda to define what happens next and reframe the tired narratives of the past.

In 2005, Mr. Zawahri anticipated this battle for reform and noted that "demonstrations and speaking out in the streets" would not be sufficient to achieve freedom in the Muslim world. If we help the protesters succeed, it will not only serve long-term national security interests but also mark the beginning of the end of Al Qaeda.

Juan C. Zarate, a senior adviser at the Center for Strategic and International Studies, was the deputy national security adviser for combating terrorism from 2005 to 2009.

Article 5.

Wall Street Journal

It's in America's Interest to Stay in Iraq

Max Boot

April 18, 2011 -- Secretary of Defense Bob Gates was in Iraq early this month urging Iraqi leaders to decide whether they want U.S. forces to stay beyond Dec. 31. "If there is to be a presence, to help with some of the areas where [the Iraqis] still need help," he said, "we're open to that possibility. But they have to ask."

This is a small, belated, but welcome step in the right direction. Until now the Obama administration has taken a hands-off attitude in Iraq, giving every indication that it would be fine with a complete pullout of the 50,000 U.S. troops currently in the country. This would presumably allow the president to make good on his 2008 campaign pledge to "end the war"--although U.S. troops aren't engaged in much of a war at the moment.

They are primarily involved in training, assisting and advising Iraqi forces, conducting counterterrorism missions, and serving as a buffer force to reassure all sides in Iraq's fractious politics that their opponents will not resort to force to achieve their ends. The reassurance provided by U.S. forces is important, given that violence continues to be perpetrated by Sunni and Shiite extremist groups, including al Qaeda in Iraq, whose premature obituary has been written more than once.

U.S. forces play a particularly important role as a peacekeeper between the Kurdish peshmerga militia and the Iraqi Security Forces along the ill-defined frontier (the "Green Line") between Iraq proper and the Kurdish Regional Government. On a visit to Iraq last month, I encountered the umpteenth crisis between the Kurds and Arabs. The peshmerga had come down south of the Green Line to surround the disputed city of Kirkuk. The Iraqi army was moving troops to the area. Shooting could have broken out were it not for the presence of the U.S. army in the middle.

Peshmerga leaders won't talk directly to their Iraqi counterparts--they need a trusted third party in the room. What will happen next year if another such crisis erupts when U.S. troops are gone?

The U.S. Embassy has an ambitious plan to deploy some 1,000 diplomats backed by 16,000 contractors to maintain a presence there and at several consulates around the country. But even if they pull this off--a feat of logistics that would be unprecedented for the State Department--there will be no replacement for the peacekeeping function that is performed by our troops.

Contractors may be successful in training Iraqi forces but I have my doubts about whether they will be up to the magnitude of the task. Iraq has no fighter aircraft and no air-control system. It has only some 70 tanks and no artillery. Its army has almost no experience in combined-arms warfare, having devoted the last eight years, for understandable reasons, to counterinsurgency operations.

In other words, Iraq is almost defenseless. That makes it easy prey for Iran, its historic rival. This doesn't mean that an Iranian invasion is likely. Yet Iranian bullying and influence-peddling is going on all the time, and if Iraq can't defend its borders, Tehran will have an extra element of coercive leverage.

Under these circumstances, leaving Iraq entirely would be an act of folly. We are still in Kosovo, South Korea and other post-conflict zones that are far more stable. We need to be in Iraq too.

We don't need to keep 50,000 troops there, but a continuing presence of 20,000 military personnel, as argued by military analysts Frederick and Kimberly Kagan, would seem to be the minimum necessary to ensure Iraq's continued progress. It would also make possible an Iraqi-American alliance that could become one of the linchpins of security in this strategically vital region. Having active bases in Iraq would allow us to project power and influence, counter the threat from both Iran and al Qaeda, and possibly even nudge the entire Middle East in a more pro-Western direction.

Before I arrived in Iraq, I had thought there might be behind-the-scenes negotiations going on to extend the Status of Forces Agreement to allow some troops to remain behind. But after spending several days talking with Iraqi and American officials, civilian and military, I came to the conclusion that no talks had started because each side was waiting for the other to go first. Mr. Gates has finally broken through the "After you, Alphonse" syndrome, but his intervention may be too little, too late.

Mr. Boot is a senior fellow in national security studies at the Council on Foreign Relations.

Article 6.

NYT

France Flies, Germany Flops

Roger Cohen

April 16, 2011 -- I've always had a soft spot for Nicolas Sarkozy. He was the guy with the wrong name and the wrong background who took on the smug talkers with names like Dominique de Villepin and vanquished them. He was the outsider from the wrong schools who believed in energy and talent and had the audacity to smash the taboo that said a French politician can't love America and prosper.

Sarkozy was a doer. He thought François Mitterrand's seductive phrase (in French at least) — "Il faut laisser le temps au temps" (You must let time take its course) — was baloney that left you with disasters like the Bosnian genocide. He thought work and reward should be linked, a Gallic heresy, and he worked hard.

He hated the dependency culture of an overdeveloped French state, which entrenched rights and enfeebled responsibility. That he was elected president showed that France, deep in its soul, knew it had to escape the Mitterrand-Chirac rut with its glut of erudition and its glob of inaction. That was heartening.

The sanctimonious attacks on him from the left oozed the paralyzing conservatism that had blinded France to change. The attacks on Sarkozy from a blue-blooded or petit-bourgeois right often betrayed the same quasiracist disdain evident in rightist attacks on President Obama.

Yes, I liked Sarkozy — and still do. Then there was his rudeness; his taste for his rich friends' yachts; his need for adulation that helped reduce a good newspaper, Le Figaro, to a fawning mouthpiece; his authoritarian itch from which gypsies most conspicuously suffered; his petulant impatience, his petty vanities and his peevish jealousies —

what Nicole Bacharan, a social scientist, calls “the one-man soap opera.”

These were more than peccadilloes. But sharp elbows were needed to shift France from sleepwalk mode.

Only in recent weeks has the distance traveled come into focus: France, reintegrated in 2009 into the command structure of NATO, spearheading the United Nations-backed NATO military operation in Libya; providing armed muscle to the U.N. forces in Ivory Coast; and giving its pacifist-trending ally Germany a lesson in 21st-century Atlanticism.

Adenauer and de Gaulle must be turning in their graves. Here was Germany standing wobbly with Brazil, Russia, India and China — and against its closest allies, France and the United States — in the U.N. vote on Libyan military action. And here was France providing America’s most vigorous NATO support.

This was a dramatic inversion of postwar roles. It revealed the drift of a navel-gazing Germany unprepared to lead despite its power and impatient with Adenauer’s Western anchoring. It also demonstrated France’s break under Sarkozy from the posturing Gaullist notion of a French “counterweight” to America. These are seismic European shifts.

In Benghazi, the capital of free Libya, when they see a NATO aircraft they say, “There goes another Sarkozy.” After the French shame of Rwanda, a genocide where Mitterrand let time do its fullest work, that’s something.

Perhaps it’s only now with Sarkozy that another, deeper French shame is passing, one Mitterrand and Chirac knew: the “strange defeat” of 1940 with its paralyzing subsequent obfuscations.

Certainly, a presidential election next year has not been unrelated to Sarkozy’s activism. Nor has a compensatory urge after France took the wrong side in Tunisia. But the president's instinct to save Benghazi and to oust Ivory Coast's usurper was right.

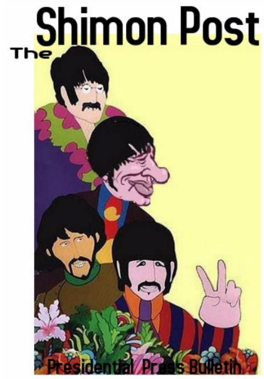
Sarkozy has intuited three things. First, the democratization of the Arab world is the most important European strategic challenge of the decade. Second, it was time "to take the training wheels off," in the words of Constanze Stelzenmüller of the German Marshall Fund, and have Europe rather than an overextended America lead in Libya. Third, the U.N. cannot always be an umbrella that folds when it rains. If its "responsibility to protect" means anything, it must be when an Arab tyrant promises to slaughter his people.

We stand at a high point in French postwar diplomacy and a nadir in German. There were strong arguments on either side of a Libyan intervention, but with a massacre looming in Benghazi, Germany had to stand with its allies. Angela Merkel has proved herself more a maneuverer than a leader. Germany often conveys the sense that it now resents the agents of its postwar rehabilitation — the European Union and NATO.

I don't think Germany believes its future lies with the BRIC countries, as the U.N. Libya vote suggested. I do think Germany has entered a new era of ambivalence and nationalist calculation.

That means several things. European integration is on hold, and as long it's on hold the future of the euro is at risk. The German-French alliance will remain under strain. Obama should look to Sarkozy, not Merkel, for strategic support.

A last thought. This restless French leader is at his best with his back to the wall. He's shown that. The same quality means it would be foolish to count him out next year.



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Article 1.

The Washington Post

Where Netanyahu fails himself and Israel

Fareed Zakaria

May 26 -- Conventional wisdom is fast congealing in Washington that President Obama was wrong to demarcate a shift in American policy toward Israel last week. In fact, it was Prime Minister Binyamin Netanyahu who broke with the past — in one of a series of diversions and obstacles Netanyahu has come up with anytime he is pressed. He wins in the short run, but ultimately, he is turning himself into a version of Soviet Foreign Minister Andrei Gromyko, “Mr. Nyet,” a man who will be bypassed by history.

Here is what Netanyahu’s immediate predecessor, Ehud Olmert, said in a widely reported speech to the Israeli Knesset in 2008: “We must give up Arab neighborhoods in Jerusalem and return to the core of the territory that is the State of Israel prior to 1967, with minor corrections dictated by the reality created since then.” Olmert, a man with a reputation as a hard-liner, said that meant Israel would keep about 6 percent of the West Bank — the major settlements — and give up land elsewhere. This was also the position of Ehud Barak, Israel’s prime minister during the late 1990s.

The Bush administration did not have a different position, as statements from the president and Condoleezza Rice make clear. Here is George W. Bush in 2008: “I believe that any peace agreement between them will require mutually agreed adjustments to the armistice lines of 1949 to reflect current realities and to ensure that the Palestinian state is viable and contiguous.” (The 1949 armistice lines is another way of saying the 1967 borders.)

Or consider this statement from last November: “[T]he United States believes that through good-faith negotiations, the parties can mutually agree on an outcome which ends the conflict and reconciles the Palestinian goal of an independent and viable state, based on the 1967 lines, with agreed swaps, and the Israeli goal of a Jewish state with secure and recognized borders that reflect subsequent developments and meet Israeli security requirements." That's not Obama, Bush or Rice, but a statement jointly issued by Secretary of State Hillary Clinton and Netanyahu on Nov. 11, 2010.

Today, Netanyahu says that any discussion of the 1967 borders is treason and that new borders must reflect "dramatic changes" since then. So in three years, an Israeli prime minister's position has gone from "minor corrections" to "dramatic changes." Netanyahu's quarrel, it appears, is with himself. Yet we are to think it is Obama who has shifted policy?

Why did Netanyahu turn what was at best a minor difference into a major confrontation? Does it help Israel's security or otherwise strengthen it to stoke tensions with its strongest ally and largest benefactor? Does such behavior further the resolution of Israel's problems? No, but it helps Netanyahu stir support at home and maintain his fragile coalition. And while Bibi might sound like Churchill, he acts like a local ward boss, far more interested in holding onto his post than using it to secure Israel's future.

The newsworthy, and real, shift in U.S. policy was Obama publicly condemning the Palestinian strategy to seek recognition as a state from the U.N. General Assembly in September. He also questioned the accord between Fatah and Hamas. Obama endorsed the idea of a demilitarized Palestinian state, a demand Israel has made in recent years. Instead of thanking Obama for this, Netanyahu created a public confrontation to garner applause at home.

Netanyahu's references to the "indefensible" borders of 1967 reveal him to be mired in a world that has gone away. The chief threat to Israel today is not from a Palestinian army. Israel has the region's strongest economy and military, complete with an arsenal of nuclear weapons. The chief threats to Israel are from new technologies — rockets, biological weapons — and demography. Its physical existence is less in doubt than its democratic existence as it continues to rule millions of Palestinians in serf-like conditions — entitled to neither a vote nor a country.

The path to resolving the Israeli-Palestinian conflict has been clear for 20 years. Israel would cede most of the land it conquered in the 1967 war to a Palestinian state, keeping the major settlement blocks. In return, it would get a series of measures designed to protect its security. That's why the process is called land for peace. The problem is that Netanyahu has never believed in land for peace. His strategy has been to put up obstacles, create confusion and wait it out. But one day there will be peace, along the lines that people have talked about for 20 years. And Netanyahu will be remembered only as a person before the person who made peace, a comma in history.

Article 2.

NYT

Parties See Obama’s Israel Policy as Wedge for 2012

Jackie Calmes and Helene Cooper

May 25, 2011 — Few issues in American politics are as bipartisan as support for Israel. Yet the question of whether President Obama is supportive enough is behind some of the most partisan maneuvering since the Middle East ally was born six decades ago, and that angling has potential ramifications for the 2012 elections.

The visit of Prime Minister Benjamin Netanyahu of Israel in the past week captured just how aggressively Republicans are stoking doubts about Mr. Obama. Republican Congressional leaders and presidential aspirants lavished praise on Mr. Netanyahu as quickly as they had condemned Mr. Obama for proposing that Israel’s 1967 borders, with mutually agreed land swaps, should be a basis for negotiating peace with the Palestinians.

Republicans do not suggest that they can soon break the Democratic Party’s long hold on the loyalty of Jewish-American voters; Mr. Obama got nearly 8 of 10 such voters in 2008. But what Republicans do see is the potential in 2012 to diminish the millions of dollars, volunteer activism and ultimately the votes that Mr. Obama and his party typically get from American Jews — support that is disproportionate to their numbers.

While Jewish Americans are just 2 percent of the electorate nationally, they are “strategically concentrated,” as Mark Mellman, a Democratic pollster, put it, in several swing states that are critical in presidential elections. Those states include Florida — which in 2000 illustrated the potentially decisive power of one state — Ohio and Nevada.

A test of Mr. Obama’s support will come June 20, when he will hold a fund-raiser for about 80 Jewish donors at a private dinner.

John R. Bolton, the former United States ambassador to the United Nations and a possible Republican presidential candidate, argues that because of administration proposals, Republicans will be able to make gains not only among American Jews but also among evangelicals who are supportive of Israel on biblical grounds, and other voters.

Mr. Bolton said that he was on a cruise sponsored by the conservative magazine Weekly Standard last week in the Mediterranean, and that most of the people on the ship “reacted very strongly against” Mr. Obama’s speech outlining his Mideast vision. “As a Republican,” he said, “you can use this to show how radical the president’s policies are on a whole range of issues.”

The depth of Democrats’ worries was evident from the competition to out-applaud Republicans on Tuesday during Mr. Netanyahu’s speech to a joint meeting of Congress and from the speed with which Congressional Democrats led by Senator Harry Reid of Nevada, the majority leader, distanced themselves from Mr. Obama on Israel.

“Are there questions in the American-Jewish community? I think the answer is yes,” said Mr. Mellman, who is Jewish and has polled the community for Democrats in the past. “Has Obama been branded as not pro-Israel or anti-Israel? Not at all.”

“I think he is strongly pro-Israel, in fact,” he added. “But that is the political struggle in which the Republicans are engaged, which is to get him branded as not pro-Israel. And to the extent they’re successful in that, the likelihood is they would have some meaningful impact on the Jewish vote.”

J Street, the left-leaning alternative to the more established American Israel Public Affairs Committee, put out a statement of support for Mr. Obama on Wednesday. “To oppose the president without laying out a credible alternative basis for a two-state solution is to embrace a status quo leading to the eventual loss of Israel as we know and love it,” its statement said.

Mr. Obama’s proposal, the group said, is supported by many Jews in the United States and Israel. It is “the path that most of Israel’s recent prime ministers have attempted to blaze, from Rabin to Barak to Olmert.”

Republicans, however, are confident that their emphasis on unconditional support for Israel holds appeal both for many Jews and for conservative Christians.

Yet it is the Republican Party’s close identification with evangelical Christians in recent years that is perhaps its biggest hurdle to winning over significant numbers of Jewish voters and donors. On issues that are crucial to the conservative Republican base — like opposition to abortion, gay rights, liberalized immigration and much government spending — most American Jews are on the other side, and strongly so.

“If Republicans can mischaracterize this president as anti-Israel, they can distract from the fact that on every other issue their party is in disagreement with the American-Jewish community,” said David A. Harris, president of the National Jewish Democratic Council, a group of Jewish-American Democratic activists.

Mr. Netanyahu on Monday experienced first-hand the tension arising from that complaint among Democrats, and Republicans’ rejection of it, in a private meeting he held with representatives of the National Jewish Democratic Council and the Republican Jewish Coalition to underscore American Jews’ bipartisan consensus on Israel.

A partisan argument ensued after Representative Debbie Wasserman Schultz of Florida, whom Mr. Obama recently named as chairman of the Democratic Party, suggested they agree not to make support for Israel an election issue. Matt Brooks, executive director of the Republican group, objected, accusing her of proposing a “gag order.”

Article 3.

Foreign Policy

Hey, Bibi: Calling Hamas the al Qaeda of Palestine isn't just wrong, it's stupid

Daniel Byman

MAY 25, 2011 -- In a rousing speech before Congress on May 24, Israeli Prime Minister Benjamin Netanyahu rejected peace talks with the newly unified Palestinian government because it now includes -- on paper at least -- officials from the terrorist (or, in its own eyes, "resistance") group Hamas. In a striking moment, Netanyahu defiantly declared, "Israel will not negotiate with a Palestinian government backed by the Palestinian version of al Qaeda," a statement greeted with resounding applause from the assembled members of Congress. But hold on a minute. Yes, Hamas, like al Qaeda, is an Islamist group that uses terrorism as a strategic tool to achieve political aims. Yes, Hamas, like al Qaeda, rejects Israel and has opposed the peace talks that moderate Palestinians have tried to move forward. And sure, the Hamas charter uses language that parallels the worst anti-Semitism of al Qaeda, enjoining believers to fight Jews wherever they may be found and accusing Jews of numerous conspiracies against Muslims, ranging from the drug trade to creating "sabotage" groups like, apparently, violent versions of Rotary and Lions clubs.

But the differences between Hamas and al Qaeda often outweigh the similarities. And ignoring these differences underestimates Hamas's power and influence -- and risks missing opportunities to push Hamas into accepting a peace deal.

While Congress was quick to applaud Bibi's fiery analogy, U.S. counterterrorism officials know that one of the biggest differences is that Hamas has a regional focus, while al Qaeda's is global. Hamas bears no love for the United States, but it has not deliberately targeted Americans. Al Qaeda, of course, sees the United States as its primary enemy, and it doesn't stop there. European countries, supposed enemies of Islam such as Russia and India, and Arab regimes of all stripes are on their hit list. Other components of the "Salafi-jihadist" movement (of which al Qaeda is a part) focus operations on killing Shiite Muslims, whom they view as apostates. Hamas, in contrast, does not call for the overthrow of Arab regimes and works with Shiite Iran and the Alawite-dominated secular regime in Damascus, pragmatically preferring weapons, money, and assistance in training to ideological consistency.

Hamas, like its parent organization, the Muslim Brotherhood, also devotes much of its attention to education, health care, and social services. Like it or not, by caring for the poor and teaching the next generation of Muslims about its view of the world, Hamas is fundamentally reshaping Palestinian society. Thus, many Palestinians who do not share Hamas's worldview nonetheless respect it; in part because the Palestinian moderates so beloved of the West have often failed to deliver on basic government functions. The old Arab nationalist visions of the 1950s and 1960s that animated the moderate Palestinian leader Mahmood Abbas and his mentor Yasir Arafat have less appeal to Palestinians today.

One of the greatest differences today, as the Arab spring raises the hope that democracy will take seed across the Middle East, is that Hamas accepts elections (and, in fact, took power in Gaza in part because of them) while al Qaeda vehemently rejects them. For Ayman al-Zawahiri, Osama bin Ladin's deputy and presumed heir-apparent, elections put man's (and, even worse, woman's) wishes above God's. A democratic government could allow the sale of alcohol, cooperate militarily with the United States, permit women to dress immodestly, or a condone a host of other practices that extremists see as forbidden under Islam. So yes, Hamas, like al Qaeda, talks of an Islamic government, but in practice it makes compromises, as its unity agreement with Abbas and his regime suggests. In power, Hamas has tried to Islamicize Gaza, and its rule in Gaza is notable for its repression, but it has not imposed a draconian regime as did the Taliban in Afghanistan, the only government al Qaeda ever recognized as truly Islamic.

In the end, Hamas is pragmatic. It makes compromises with rivals, cuts deals with potentially hostile foreign sponsors, and otherwise tries to strengthen its political position, even if this exposes it to the charge of hypocrisy.

Nowhere is this more apparent that in Hamas's relations with Israel. Especially since the 2008-2009 Cast Lead Operation, where Israeli forces hit Gaza hard, Hamas has often (though not always) adhered to a ceasefire with Israel. In the months following Cast Lead, only a few rockets were launched at Israel from Gaza, and Israeli officials told me those were probably from other Palestinian groups or were otherwise not an official Hamas action. Gazans did not want to go another round with Israel's army, and Hamas feared alienating them. Yet Hamas tries to maintain its street cred as a resistance organization. It has at times allowed other groups to launch attacks on Israel, and in recent months launched missile salvos itself, risking an end to the de facto ceasefire. Internal pressures within Gaza, particularly criticisms from Salafi-jihadists with ideologies akin to al Qaeda, as well as Israeli attacks on Hamas personnel, have at times led the group to risk further retaliation, but this careful calculation is a far cry from al Qaeda's call for constant struggle.

Hamas needs no reminder that al Qaeda is more foe than friend. Though Ismail Haniyeh, Hamas's leader in Gaza, praised bin Ladin after his death as an "Arab holy warrior," this was largely pandering to his religious base. In fact, the relationship between Hamas and al Qaeda, and between Hamas and al Qaeda-like jihadists in Gaza, is far more contentious. Zawahiri has blasted Hamas for adhering to ceasefires with Israel, not immediately implementing Islamic law in Gaza, and otherwise deviating from the pure faith of jihadism.

To prevent these ideas from eroding its support, Hamas has harshly repressed al Qaeda-inspired jihadists in Gaza, arresting and even torturing some of the individuals linked to these groups, according to Israeli sources. In 2009, one Salafi-jihadist preacher declared Gaza to be an Islamic state; Hamas stormed the mosque that was his base, killing him and over 20 others.

But the biggest difference is that Hamas is a success while al Qaeda is a failure. Hamas has gone from a small group overshadowed by Yasir Arafat's Fatah to a large and powerful organization. Whether we like it or not, Hamas is the government of Gaza -- and terrorism helped them get there. And with the fall of Mubarak and the emergence of the Muslim Brotherhood in Egypt as an important political actor there, Hamas may gain influence. Al Qaeda, in contrast, is if anything farther from its goals of ending U.S. regional influence and establishing a caliphate than it was 15 years ago.

Despite Netanyahu's rhetoric, Hamas cannot simply be wished away when it comes to the peace process. It represents a large portion of Palestinian opinion, and it has repeatedly demonstrated that it can use suicide bombers, rocket attacks, or other forms of terrorism to disrupt any talks. But the group's occasional pragmatism suggests that under the right conditions it can be convinced not to play the spoiler. Such an effort may fail and involves many sticks as well as carrots, but a similar effort with al Qaeda would be a fool's errand.

Netanyahu's government may be dead-set against talking with Hamas, but treating it like al Qaeda and using this as a reason to not negotiate with moderates like Abbas only convinces skeptical Palestinians that negotiations will never work. Indeed, the failure to restart peace talks only makes Hamas stronger, making a difficult task impossible in the years to come.

Daniel Byman is a professor in the Security Studies Program at Georgetown University and the research director of the Saban Center at the Brookings Institution. His book A High Price: The Triumphs and Failures of Israeli Counterterrorism will be released in June 2011.

Article 4.

Bloomberg

Why Palestinians Have Time on Their Side

Jeffrey Goldberg

May 24, 2011 -- If I were a Palestinian (and, should there be any confusion on this point, I am not), and if I were the sort of Palestinian who believed that Israel should be wiped off the map, then I would be quite pleased with Prime Minister Benjamin Netanyahu's performance before Congress this morning.

I would applaud Netanyahu for including no bold initiatives that would have suggested to the world that Israel is alive to the threat posed by its seemingly eternal occupation of the West Bank.

In fact, I would make support for Netanyahu the foundation stone of my patient campaign to dismantle the world's only majority-Jewish country. I would support not only Netanyahu, but the far-right parties of his governing coalition, the parties that seem uninterested in democracy and obsessed with planting more Jewish settlements on the West Bank.

The settlements would have my wholehearted backing. I would encourage my brother Palestinians to help build settlements at a brisk pace. I would ask the Israelis to build an even more intricate system of bypass roads on the West Bank that would connect Jewish settlements to one another and to Israel proper. I would ask my ostensible allies among the Arab nations to provide interest-free mortgages to Israelis in Tel Aviv, so they could move out to the settlements for some fresh air and a little more yard. And, while I was at it, I would insist that my leaders abort their campaign for United Nations recognition of an independent state of Palestine.

Entanglement

My goal: To hopelessly, ineradicably, entangle the two peoples wedged between the Jordan River and the Mediterranean Sea.

Then I would wait as the Israeli population on the West Bank grew, and grew some more. I would wait until 2017, 50 years after the Six Day War, which ended with Israel in control of the West Bank and the Gaza Strip. I would go before the UN and say the following: "We, the Palestinians, no longer seek a homeland of our own. We recognize the permanence of Israeli occupation, the dominion of the Israeli military and the power of the Israeli economy. So we would like to join them. In the 50 years since the beginning of the 'temporary' occupation, we have seen hundreds of thousands of Israelis build communities near our own communities. We admire what they have built, and the system of laws that governs their lives. Unlike them, many of us live under Israeli military law but have no say in choosing the Israelis who rule us. So we no longer want statehood. We simply want the vote."

And this, of course, would bring about the end of Israel.

Apartheid State

Either the Jews of Israel would grant the Palestinians the vote, at which point their country would lose its Jewish majority and its identity as a refuge for the Jewish people, or it would deny them the vote, and become an apartheid state. The latter option is untenable, of course: Many Jewish Israelis would be repulsed by this thought; other nations that already consider Israel a pariah would now have just cause; and Israel would lose its last remaining friend, the U.S., because no American -- including and especially young American Jews -- would identify with a country reminiscent of pre-Mandela South Africa.

If Netanyahu had been thinking strategically, he might have realized this when he went before Congress this morning. And he might have done something bold: Acknowledge that the age of Jewish settlement is over. He did mention, fleetingly, that certain settlements would be set adrift in a theoretical peace deal. But he seemed unaware that he was delivering a speech that could easily have been given 10 years ago.

It is not 10 years ago. Israel is now 10 years closer to achieving full pariah status. And -- in part because the Palestinians lack the patience to pursue a strategy of gradual, irreversible entanglement -- a moment of truth for Israel is rapidly approaching.

UN Vote

The Palestinians are seeking a UN vote in September on independence. They will prevail in the General Assembly, though not in the Security Council. President Barack Obama, with whom Netanyahu just picked a fight, will have to spend a good amount of political capital to stymie the Palestinian campaign, even though he appears to have nothing but contempt for Netanyahu's lack of vision. But American opposition to this unilateral declaration will be in many ways immaterial. Israel will soon enough be seen by most of the world as the occupier not of disputed territory but of a foreign country. The Palestinians will wake up to find that a General Assembly vote did not, in fact, give them true independence. And then there will be an explosion.

The Palestinians who are watching Yemenis, Libyans and Syrians fighting for their freedom will soon be inspired to once again take up their own fight.

Existential Threats

Netanyahu, who understands the existential threat posed by Iran, does not seem to understand the nature of this other existential threat. His five predecessors as prime minister -- including Ariel Sharon, whose heart did not bleed for Palestinians -- understood it. President Obama understands it, too.

"The number of Palestinians living west of the Jordan River is growing rapidly and fundamentally reshaping the demographic realities of both Israel and the Palestinian territories," Obama told members of AIPAC, the pro-Israel lobbying group, on May 22. "This will make it harder and harder, without a peace deal, to maintain Israel as both a Jewish state and a democratic state."

An eternal truth of Middle East politics is that the Palestinians never miss an opportunity to miss an opportunity. Lately, though, this has become an Israeli specialty. If Israel misses the chance this year to set the Palestinians on a course toward independence, it will jeopardize its future as a Jewish democracy.

A Magnanimous Vision

Yes, it will be dangerous for Israel to return to its 1967 borders, or anything close. The potential merger between Hamas and the more moderate Fatah is cause for despair, but it should spur Netanyahu to try to split the moderates from the radicals by offering a magnanimous vision for peace. He should realize that it will be fatal for Israel to maintain control over millions of Palestinians who seek what the people of Yemen and Libya and Syria seek: freedom. Absent any hope of progress, the Palestinians will do what they can to undermine Israel. But all they have to do is wait.

Article 5.

The Daily Beast

The Palestinian Right to Dream

Peter Beinart

May 25, 2011 -- I watched Benjamin Netanyahu's speech to Congress with a guy named Fadi Quran. He recently graduated from Stanford, where he double-majored in physics and international relations. He lives in Ramallah, where he's starting an alternative energy company. And he just might rock our world.

Quran is helping to coordinate a raft of Palestinian youth organizations—located in the West Bank, Gaza Strip, Jordan, Lebanon and Syria—all united around one goal: to create a Palestinian Tahrir Square. They organized the unity march that helped pressure Fatah and Hamas to reconcile. Ten days ago, they organized the Nakba Day protests in which refugees marched on Israel's borders.

What they're doing isn't exactly new. Palestinians in the West Bank have been conducting regular nonviolent protests for many years now, often against the separation barrier that stands between them and their fields. But Egypt and Tunisia made Quran and his colleagues realize that nonviolence was possible on a much larger scale. Not everyone in his movement believes in peaceful resistance as a matter of principle, he admitted sheepishly. But they all believe it represents the right strategy. They've been studying the civil rights movement and Gandhi's struggle against the British and the movement that peacefully brought down Slobodan Milosevic in Serbia. No one wants a second intifada, he insisted. "It hurt us much more than the Israelis."

When I asked Quran what his movement believes, I expected to hear about borders and refugees and Jerusalem. Instead, he began talking about John Rawls and John Locke, a social contract between the government and the governed. A Palestinian government that denies his rights, he insisted, is as offensive as an Israeli one. When I pressed him on whether his colleagues want two states—one Palestinian, one Jewish—or a secular binational one, he seemed strangely agnostic. He said that in an ideal world one democratic state would be better, before adding that of course such a state would have to guarantee the safety and cultural autonomy of Jews. (One of his inspirations, he said, was Martin Buber, the Jewish philosopher who advocated a binational state in the 1920s and 1930s). When I said I didn't consider a binational state very realistic, he conceded the point, before noting that in the age of Netanyahu and Lieberman, most Palestinians don't consider a two-state solution very realistic either. After a while, it hit me: This is what Israelis and American Jews have been demanding all along. Didn't we always say, during the bloody Arafat years, that when the Palestinians produced Gandhis everything would change? We'd never be able to resist; our Jewish hearts would melt. Now that it's starting to happen, I suspect the response will be exactly the opposite: Yes, there's something admirable about young people like Fadi Quran, but who are they kidding. This is the Middle East, not Palo Alto. It's no place for dreamers; they'll get eaten for lunch.

Privately, many in Congress consider settlement expansion a catastrophe and the occupation a disgrace.

Maybe so. But watching over Fadi's shoulder as members of Congress robotically rose to applaud Netanyahu, I couldn't help thinking of the contrast. Anyone who has spent any time around Congress knows that many of the people who applauded Netanyahu—the Jewish Democrats in particular—don't actually support his policies. Privately, many consider settlement expansion a catastrophe and the occupation a disgrace. But they don't want to create

headaches for themselves. Could they say what they really believe and get reelected? Probably—after all, incumbents are very hard to beat. But who needs the hassle?
“What we want to do next,” Fadi added, “is freedom rides, like in the South. We’ll board settler-only buses and make them arrest us or beat us up.” He mentioned that many American Jews had participated in the civil rights movement. “So how will American Jews react if we do this,” he asked? “Do you think we’ll get any support, given your history?” I started to talk about the way American Jewish politics actually works, about the gap between what people believe and what they say, about the way people wall themselves off from unpleasant realities, and then I stopped. It was too depressing to explain. Fadi Quran has the right to dream.

Peter Beinart is associate professor of journalism and political science at City University of New York and a senior fellow at the New America Foundation.

Article 6.

Asharq Al-Awsat

Hamas' Gaza strongman criticizes Khalid Meshal

25 May 2011 -- Differences and clashes within the Hamas movement have come to light for the first time, with Hamas senior figures verbally sparring and exchanging criticism in the media. This is particularly surprising as Hamas is known for the discipline of its cadres and members.

In an interview carried by the Lebanese Al-Akhbar newspaper on Tuesday, Zahar criticized the statements made by Hamas leader Khalid Meshal on 4 May in Cairo during the signing of the reconciliation agreement between Fatah and Hamas. Zahar said that Khalid Meshal did not have any right to say that Hamas would give Palestinian President Mahmoud Abbas another chance to try to negotiate a peace deal with Israel.

In the interview, Zahar reportedly said "we didn't know and were not consulted about the position of Khalid Meshal, and this is not the correct position." He added "we haven't given any chance for negotiations on behalf of us or the Palestinian people. Our program is against negotiations in this way, because they are a waste of time."

Zahar was also quoted as saying that the Hamas power structure should be re-assessed as "the leadership is here [in the Gaza Strip], and the part (of Hamas) that is abroad is just a part of that."

Speaking to Asharq Al-Awsat, Hamas political bureau member Izzat al-Rashaq, commented on the criticisms put forward by Dr. Zahar, stressed that these statements do not represent the position of the Hamas movement.

Al-Rashaq told Asharq Al-Awsat that "the statements made by brother Zahar are wrong, and do not represent the position of the Hamas movement or any of its institutions. They represent a violation of the organizational traditions followed by Hamas, and are not worthy of being issued against the leader or leadership of the Hamas movement." He added that "Dr. Zahar is not authorized to comment on the statements made by the leader of the Hamas movement…the political bureau is the only institution that is authorized to issue any clarification or explanation on the statements issued by the leadership."

Despite his strong statements, Izzat al-Rashaq denied that Zahar's statements reflect a state of disagreement or division within Hamas, stressing that "there is no disagreement within Hamas, the movement is highly united, and its decisions are one."

Senior Hamas official Dr. Salah al-Bardawil confirmed to Asharq Al-Awsat that the Hamas movement is united, saying that some media outlets are trying to convince the public that there is division within the ranks of Hamas. Al-Bardawil also stressed that Hamas figures have the right to issue their statements using whatever language they wish so long as they are expressing their own views and ideas, and this does not mean that there is a split in the Hamas movement's decision.

Dr. Bardawil also stressed to Asharq Al-Awsat that Hamas is under the leadership of Khalid Meshal, adding that Hamas is a resistance movement that believes that resistance is the means of liberating Palestine, especially after it has became clear to everybody that "it would be a terrible gamble to bet on these futile negotiations."

Article 7.

Military Review

An Old Man's Thoughts on War and Peace

Edward Bernard Glick

May-June 2011 -- WHEN I WAS a young man in graduate school, two books impressed me mightily. They still do. One is Konrad Lorenz's On Aggression. An M.D. and a Ph.D. and a 1973 Nobel laureate in medicine and physiology, Lorenz established the field of ethology, the study of the behavior of animals within their natural environment. In his prologue to On Aggression, Lorenz wrote, "The subject of this book is aggression, that is to say the fighting instinct in beast and man, which is directed against members of the same species." According to him, animals, particularly males, are biologically programmed to fight over resources and turf, and this behavior is part of natural selection. In short, to a great degree, aggressive behavior is innate.

The other book that influenced me mightily as a young man was Robert Ardrey's The Territorial Imperative. Ardrey popularized and expanded on Lorenz's ideas. After reading Ardrey, a Book-of-the-Month Club reviewer asked, "Are we a territorial species? Do we defend ourselves, whether by war or other means, because we have learned to do so—or because, as animals, we must?"

Reading Lorenz and Ardrey provides a good reason for believing the Roman proverb Si vis pacem para bellum, "He who wishes peace should prepare for war." (The full text of the proverb goes on to say, "He who desires victory should carefully train his soldiers; he who wants favorable results should fight relying on skill, not chance.")

War is no longer limited to soldiers in uniform battling each other. War now includes terrorists who do not wear uniforms, do not represent a sovereign state, and use civilian airplanes and motor vehicles to crash into buildings in order to kill their enemies.

Despite these changes in war, many pacifists who cling to the notion that war is immoral continue to forget that soldiers, not sermons, stopped Islam from advancing into Christian Europe at the Battle of Vienna in 1683. It was not sermons, but soldiers, who freed the American colonists from Great Britain's rule in 1781, and soldiers, not sermons, truly emancipated America's slaves in 1865 and liberated the survivors of the Nazi death camps in 1945.

Counterterrorism is the predominant form of contemporary war. One might say that, after the attack on New York's World Trade Center on 11 September 2001, Americans divided themselves into the September 10th people, the September 12th people, and the September 13th people. The September 13th people blame the United States for the events of September 11th and think that the proper U.S. response is to abandon American "arrogance" and American support of Israel. The September 10th people reject these notions, but think that terrorist acts are crimes that should be countered only by our law-enforcement and intelligence communities. The September 12th people believe that today's terrorists want to destroy Western civilization, and that acts of terrorism are acts of war that we must counter with mainly military responses.

When it comes to terrorism beyond our borders, passages from an article I published in 1979 about the Iran hostage crisis come to my mind:

The essential question—and it will cause us great pain in every sense if any of the hostages are harmed or are still being held when these words are printed—is the extent to which the Western world in general, the Third World in particular, and the United States especially, are themselves responsible for this governmentally condoned terrorism.

In its most recurring form, modern terrorism has manifested itself in the confrontation between the Arabs and the Israelis. . . Decades ago, Israel warned the world, particularly the Western nations, that internationally tolerated terrorism is a political virus that knows no boundaries. If left unchecked it would spread to other causes, continents, and countries.

So long as they thought they were immune from the terrorist virus, aloof bystanders could adopt this kind of logic and base their actions and inactions on it. But there are no aloof bystanders. The Tehran terrorists have proven that once and for all. If the countries of the West do not band together against terrorism, whatever the short-term economic sacrifices, their long-term future as truly sovereign states is quite problematical.

Those who hate America like to discuss war within the framework of American imperialism and colonialism. Yes, the United States took land from the native peoples of North America. But so, too, did the French, British, and Canadians. So did the Spaniards and Portuguese in Latin America. So did the Australians and New Zealanders in the South Seas. So did the Russians, Chinese, and Japanese in Asia and Europe. Did the Scots, Welsh, and Catholics of Northern Island want to be a part of Great Britain? Do the Tibetans want to be part of Communist China?

Yes, the United States conquered the Philippines and Puerto Rico in the 1898 Spanish-American War and remained in de facto control of Cuba until 1934. But this country gave the Filipinos independence in 1946, and it has promised statehood or independence to the Puerto Ricans whenever they want to have it.

Yes, President Theodore Roosevelt, influenced by U.S. Admiral Alfred Thayer Mahan’s sea-power theories, took advantage of a revolt against Colombia to acquire what became the Panama Canal Zone in 1903. The new Panamanian government gave the United States the French concession to construct the Canal, which the United States completed in 1914. But President Jimmy Carter returned both the Zone and the Canal to the Panamanians in 1977.

Yes, in 1945, President Harry Truman ordered the U.S. Army Air Force to drop atomic bombs on Hiroshima and Nagasaki, thus ending Japan's participation in World War II. Yes, for a few years, the United States was the only power with nuclear weapons on this planet, but we blackmailed no one. Nor did we take anyone's land. By contrast, the Soviet Union incorporated huge swaths of post-war Poland and Germany.

If we compare the United States to Assyria, Babylonia, Persia, Greece, and Rome—or for that matter, Ottoman Turkey, Spain, Portugal, Japan, Russia, Britain, and France—we can only conclude that the United States was and is the least warlike and least imperialistic super power in history.

Of course, there is the question of war within the context of a nuclear-armed Iran. A few years ago, Thomas Friedman of the New York Times wrote, "I'd rather live with a nuclear Iran because it is the wisest thing under the circumstances." Thomas Friedman may feel this way, but for the leaders of Israel, an Iranian nuclear bomb and its associated delivery systems raise existential questions.

Can the Jewish state live with an Iran that possesses nuclear weapons and the means to deliver them? Can it ignore an Iranian leader who labels the country "a fake regime" that ought to "be wiped off the face of the Earth?" How should it react to President Mahmoud Ahmadinejad's plans for a second Holocaust, even as he denies that the first one ever happened? Millions of Israelis are descendants of those who died in the Holocaust. In 1981, when Iraq threatened Israel, Israel's then prime minister, Menachem Begin, ordered the

Israeli Air Force to destroy Iraq's nuclear reactor and then declared that "Israel has nothing to apologize for. In simple logic, we decided to act now, before it is too late. We shall defend our people with all the means at our disposal."

One sometimes hears the argument that if Iran can live with an Israeli bomb, why can't Israel live with an Iranian bomb? The answer is that no Israeli leader has ever threatened to eradicate Iran.

Iran is a large country, but Israel is a tiny one, smaller than New Jersey. At its narrowest point, it is only nine miles wide. Israel's nuclear arsenal can deter its enemies only if they have the wisdom and the sanity to be deterred. During the Cold War, the Russians and the Americans operated under a political and military doctrine known as MAD, for mutual assured destruction. The doctrine assumed that no matter how bad things got between the Soviet Union and the United States—the 1962 Cuban missile crisis being a case in point—neither side would risk annihilation. The leaders of Iran do not think that way. They reason as follows: "We have 70 million people, and Israel has 7 million. If we attack the Zionists with nuclear bombs, they will respond in kind. If they are lucky, they will kill half of us, but if Allah wills it, we shall kill all of them, and there will still be 35 million of us left."

We humans may enjoy periods of peace—sometimes for a long time—but we shall never entirely rid ourselves of war because we are "wired" to fight over pieces of land. Konrad Lorenz, Robert Ardrey, and Publius Flavius Vegetius Renatus (the man who coined the Latin phrase Si vis pacem para bellum) are correct. So, too, is Max Boot, the American author and military historian. He rejects the "sunny, if ahistorical, Enlightenment faith that peace is the natural order of things and war a temporary aberration."

Like it or not, this is the world in which we have lived in the past. This is the world in which we live now. And this is the world in which we shall live in the future.

Edward Bernard Glick is professor emeritus of political science at Temple University in Philadelphia, where he specialized in civil-military relations.

From: Lesley Groff [redacted]
Sent: 2/28/2013 1:33:32 AM
To: Jeffrey Epstein CC [jeevacation@gmail.com]
Subject: Fwd: INVITE THE NY OBSERVER 25TH ANNIVERSARY
Attachments: 25th-invite_FINAL-52.jpg

Importance: High

Sent from my iPhone

Begin forwarded message:

From: [redacted]
Date: February 27, 2013, 2:55:10 PM EST
To: [redacted]
Subject: INVITE THE NY OBSERVER 25TH ANNIVERSARY
Reply-To: [redacted]

Dear Mr. Jeffrey Epstein

Jared Kushner, New York's youngest powerhouse publisher, is celebrating the 25th Anniversary of the New York Observer on Thursday, March 14th.

Mayor Michael Bloomberg will be by his side to toast you all.

The Observer is honoring those who have defined and shaped New York since 1987. They are celebrating the cities best, brightest and most influential in culture,media and finance. The salmon pink pages are revered among New York's elite as the preeminent voice on power.

The celebration is going to be one of those quintessential New York nights. We are looking forward to seeing you.

xoxo,

Peggy

Jared Kushner, Publisher Joseph Meyer, CEO

Cory Booker Arthur Carter Georgina Chapman Katie Couric Lauren Santo Domingo

Larry Gagosian Mariska Hargitay Carolina Herrera Katie Holmes Woody Johnson

Peter Kaplan Comm. Ray Kelly Ken Kurson Matt Lauer Blake Lively Terry Lundgren

Peter Martins Cynthia McFadden Sean Parker Ron O. Perelman Stephen Schwarzman

Lara Spencer Steve Tisch Donald Trump Ivanka Trump Harvey Weinstein George C. Wolfe

cordially invite you and a guest
to join them at

THE NEW YORK OBSERVER
25TH ANNIVERSARY

Thursday March 14th, 2013

6:30-9:30pm
Cocktails & Light Supper

The Four Season Restaurant
99 East 52nd Street
New York City

[redacted] or 212-935-6700
cocktail attire

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Peter Kaplan   Comm. Ray Kelly   Ken Kurson   Matt Lauer   Blake Lively   Terry Lundgren
Peter Martins   Cynthia McFadden   Sean Parker   Ron O. Perelman   Stephen Schwarzman
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The Four Season Restaurant
99 East 52nd Street
New York City

[redacted]

cocktail attire

From: Lesley Groff [[redacted]]
Sent: 3/7/2013 5:32:30 PM
To: Epstein Jeffrey [jeevacation@gmail.com]
Subject: Fwd: INVITE NY OBSERVER 25TH ANNIVERSARY

Importance: High

Begin forwarded message:

From: [redacted]>
Subject: **INVITE NY OBSERVER 25TH ANNIVERSARY**
Date: March 7, 2013 7:31:14 AM EST
To: [redacted]
Reply-To [redacted]

Dear Mr. Jeffrey Epstein

Jared Kushner, New York's youngest powerhouse publisher, is celebrating the **25th Anniversary of the New York Observer on Thursday, March 14th.**

Mayor Michael Bloomberg will be by his side to toast you all.

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Cory Booker Arthur Carter Georgina Chapman Katie Couric Lauren Santo Domingo
Larry Gagosian Mariska Hargitay Carolina Herrera Katie Holmes Woody Johnson
Peter Kaplan Comm. Ray Kelly Ken Kurson Matt Lauer Blake Lively Terry Lundgren
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cordially invite you to join them at

THE NEW YORK OBSERVER

25TH ANNIVERSARY

Thursday March 14th, 2013

6:30-9:30pm
Cocktails & Light Supper

The Four Season Restaurant
99 East 52nd Street
New York City

[redacted]
cocktail attire

From: JokeLand [redacted]
Sent: 5/9/2015 7:17:32 PM
To: [redacted]
Subject: a JokeLand E-Mail

A guy's walking down the boardwalk in Atlantic City and he runs into a hooker.

He says, "How much?"

She says "A hundred bucks."

He says, "All right."

They climb down under the boardwalk and he bangs her. The next night, he runs into the same hooker, they go under the boardwalk, only this time while he's banging her, she blasts two incredible farts. When they get done, he hands her a hundred and twenty dollars.

She says, "What's the extra twenty?"

He says, "That's for blowing the sand off my balls."

****

Why don't sumo wrestlers shave their legs?
So they won't be mistaken for lesbians.

****

hiya ...
it's beautiful and I already jumped into Long Island Sound!
all's right with the world.
... *well* ...

if you enjoy classic comedy stories ... *please try this!*
me & Bill Maher, Eddie Murphy & *The Jade Fountain* in Paramus, New Jersey!
The Hal Ennis Comedy Caravan, 1979

huge thanks to John Fugelsang & Penn Jillette & Jim Kerr & Mark Simone & Phoenix's *Wild Jokers* for helping me get the word out about my shtuff. love you all much ...

please spread the word about The JokeLand E-Mail List ...
... and enjoy.
Jackie

****

What'd the duck say to the prostitute?
"Put it on my bill."

****

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New York New York
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****

Two drunks are on the subway.

The first drunk says, "Wh-what time is it?"

The second drunk pulls out his cigarette lighter, looks at it, and says, "I-it's April 9th."

The first drunk says, "W-we should've got off at the last stop."

****

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@JackieMartling

****

Mrs. Hartke comes home after visiting her relatives for two weeks and finds that her husband, who was too lazy to go to the supermarket, has eaten all the dog food in the house.

She calls the doctor and says, "Doc, you have to do something. My husband ate a half a case of dog food."

The doctor says, "Relax, Mrs. Hartke, it can't hurt him. There's nothing to worry about."

The next day, the doctor answers his phone, and it's Mrs. Hartke.

She says, "*Nothing to worry about,* huh, doc? Well, I hope you're satisfied. My husband's *dead.*"

The doctor says, "*Dead?* From eating *dog food?* I can't understand it. What happened?"

She says, "He was lying in the driveway licking his balls and I backed the car over him."

****

8pm this Saturday, May 9th
The RRazz Room New Hope

in The Ramada New Hope
6426 Lower York Road
New Hope, Pennsylvania
tickets (888) 596-1027
www.therrazzroom.com

****

9pm Saturday, May 16th
Miami Mike's @ Fairbridge Hotel
130 Route 10
East Hanover, New Jersey
1-877-Uncle-Vin ... 1-877-862-5384
unclevinniescomedyclub.com

****

A WalMart greeter's standing near the entrance with her clipboard when a really, really ugly woman comes in with two kids.

The greeter says, "Are they twins, ma'am?"

She says, "Of *course* not, they're *five years apart*. Why in the world would you think they was *twins?*"

The greeter says, "I couldn't believe anybody fucked you twice."

****

What do you do when a midget's missing?
Put his face on a carton of Half & Half.

****

it's The JokeLand E-Mail List! free yuks!
please tell everybody you know! *free jokes!* free jokes! ...
***by just e-mailing me,* jokeland@aol.com**

****

What's a gay guy's favorite time of day?
Ate a cock.

****

Why'd the Siamese Twins move to England?
So the other guy'd get a chance to drive.

****

Friedman calls the doctor and says, "Doc, you gotta help me. A mouse ran up inside my wife."

The doctor says, "I'll be right there. In the meantime, wave a piece of cheese between her legs."

The doctor races over, and when he comes in the door, Friedman's waving a herring between his wife's legs.

The doctor says, "What're you *doing?* I said to use a piece of cheese."

Friedman says, "I know you did. But we have to get the cat out first."

****

Why'd the guy marry a Siamese twin?
So he could hang his wife and a girl on the side.

****

A pickle walks into a bar.

The bartender says, "What're you doing in here?"

The pickle says, "Well, for starters, I'm celebrating the fact that I can walk."

****

Why's "bra" singular and "panties" plural?
For the same reason that when you take a shit you actually leave one.

****

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Come Again?, **F. jackie** & **snart** ...
are available on *Amazon*, *iTunes*,
and at Oglio.com

****

A dentist walks in with a needle to give Kasten a shot of Novocain.

Kasten says, "No way! *No needles!* I *hate* needles!"

The dentist starts hooking up the nitrous oxide and Kasten says, "No! *No!* I can't do the gas thing, either!"

The dentist says, "Can you take a pill?"

Kasten says, "Fine."

The dentist reaches into a drawer, takes out a pill and says, "Here's a Viagra."

Kasten says, "Wow. I didn't know Viagra worked as a pain killer."

The dentist says, "It doesn't. But it'll going to give you something to hold on to while I'm yanking out your tooth."

****

Why don't Arabs circumcise their camels?
So they'll have a place to put their gum during a sandstorm.

****

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@JackieMartling

****

How can a husband get his wife to stick her fingers in his asshole more often?
By pretending he doesn't enjoy it.

****

A big fat Polish lady pushes her car into a gas station.

The mechanic says, "What's the matter?

She says, "It conked out."

In a few minutes, it's purring like a kitten.

She says, "What's the story?"

He says, "Crap in the carburetor."

She says, "How often do I have to do *that?*"

****

What'd the blonde say when she saw a guy walking two dogs?
"He must be really blind."

****

A frog goes into a bank and sits down in a chair next a desk that has a placard on it that says "Seymour Paddywhack, Bank Officer."

He says, "I need to borrow some money."

Mr. Paddywhack says, "To do that, you'll need some collateral. What have you got?"

The frog reaches into his bag, takes out a small plaster statue of Elvis and puts it on the desk.

Mr. Paddywhack says, "Is that all you have?"

The frog says, "Yeah."

Mr. Paddywhack says, "Well, that won't do."

The frog says, "I want to see the president."

Mr. Paddywhack leads the frog into the bank president's office, puts the little Elvis on his desk and says, "This frog wants to borrow some money, the only collateral he has is this statue and I don't even know what it is."

The bank president says, "It's a knick-knack, Paddywhack, give the frog a loan."

****

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all six of Jackie's Oglio joke CD's ...
The Joke Man, **Sgt. Pecker**, **Hot Dogs & Donuts**,
Come Again?, **F. jackie** & **snart** ...
are available on *Amazon*, *iTunes*,
and at Oglio.com

****

A British guy comes home from work early and there's his wife on the living room floor with two guys. She's blowing one guy and the other guy is fucking her.

He says, "`Ello, `ello!"

She says, "So you're not speakin' to *me*, then?"

****

Where would you find a turtle with no legs?
Right where you left him.

****

What's fifteen inches long and hangs in front of an asshole?

Donald Trump's tie.

****

I call in regularly to the great podcast "**Keith & The Girl**" ...
... give them a listen!

... and huge thanks to **Phil Iazetta** &
i**Heart Radio Comedy 24/7** ...
click to listen!
he plays me a-plenty ...

****

The Mother Superior's riding with a few nuns and they're all giggling.
She says, "Calm down, girls, or I'll put the seats back on those bikes."

****

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****

Why'd the shit cross the road?
The chicken forgot to wipe his ass.

****

to hear endless jokes from all of my CDs,
get the Pandora or the Spotify app and type in "Jackie Martling" ...

****

What do you say to a blonde with a plaid dildo?
"Give me back my thermos."

****

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****

Every night for twenty years, Irving Schwartz gets down on his knees and says, "Lord, it's me, Irving Schwartz. I'm a good Jewish boy. One time, couldn't you let me win the lottery? *One time?* I'm good to my parents, I'm good to my children, I go to temple. Please, Lord, please, one time, let me win the lottery."

He's on his knees every night for twenty years.

"Lord, it's me, Irving Schwartz. Would you *please* let me, sometime, win the lottery?"

Finally one night after twenty years, the heavens open up, and God says, "Irv, if you want to win the lottery, *you've got to buy a fucking ticket."*

****

this is **The JokeLand E-Mail Lis**t.
if you're not supposed to be on this train, please disembark & get off now.
... and please tell anybody who wants to get on to e-mail me, **jokeland@aol**.com ...

****

What's hairy and bites necks?
Cunt Dracula.

****

An old guy with Parkinson's goes into an ice-cream parlor and says, "I-I'd like an ice cream, p-please ..."

The girl behind the counter says, "What flavor would you like?"

The guy says, "I-it don't matter, I-I'm gonna drop it anyway."

****

Schneider walks into a shoe store and asks for a pair of size 8 tie shoes.

The salesman says, "But, sir, I can see from up here you're at least a size 11."

Schneider says, "Just bring me a size 8 tie shoe."

The salesman brings them, Schneider stuffs his feet into them, ties them tight, stands up and winces.

When he sees how confused the salesman is, he says, "Listen, I lost my business and my house, I live with my mother-in-law, my wife is fucking my best friend, my daughter is pregnant and my son deals crystal meth. The only pleasure I have in life is taking off these fucking shoes."

****

A midget's marooned on a desert island for fourteen years and finally one day he's rescued. When they get him to shore, they ask him what he'd like.

He says, "You know damn well what I'd like."

They take him to a brothel, he goes upstairs with a girl, they go in a room and they both get undressed. Then he puts on a condom, puts some cotton in each ear and puts a clothespin on his nose.

The girl says, "What the hell are you doing?"

The midget says, "If there's two things in this world that I hate, it's the sound of a woman screaming and the smell of burning rubber."

****

Fugelsang says to the doctor, "I'm thinking about having a vasectomy."

The doctor says, "That's a pretty big decision. Have you talked it over with your family?"

Fugelsang says, "Yeah. They're in favor of it, fourteen to three."

****

Two Spanish guys show up at The Gates of Heaven and the first one says, "We want in."

St. Peter says, "Let me go ask God."

He walks over to God and says, "God, there are two Spanish guys at The Gates who want in."

God says, "If they are good people, let them in."

St. Peter goes back to The Gates, and then comes back to God and says, "They're gone."

God says, "The Spanish guys?"

St. Peter says, "No. The Gates."

****

A waiter brings a lady her clam chowder and she sees his thumb is hooked over the cup.

She says, "Waiter, you've got your thumb in my soup."

He says, "Yeah. I got the arthritis, and the warm makes it feel much better."

She says, "Well, why don't you just stick your thumb up your ass?"
He says, "That's what I do in the kitchen."

****

Two little old ladies are sitting at the slot machines in Atlantic City.
The first one says, "D-did you come on the bus?"
The second one says, "Yeah, b-but I made it look like an asthma attack."

****

My ex-girlfriend ... what an asshole ...
... and her tits weren't bad, either.

****

Cristiano says, "Doc, I think I've got a sex problem. I can't get it up for my wife anymore."
The doctor says, "Come back tomorrow and bring her with you."
The next day, Cristiano shows up with his wife.
The doctor says to the wife, "Take off your clothes and lie on the table."
She does it, and the doctor walks around the table a few times looking her up and down.
He pulls Cristiano to the side and says, "You're fine. She doesn't give me a hard-on, either."

****

Did you hear about those new super-sensitive condoms?
After you *fuck her,* they *stay and talk to her.*

****

What would you call a Chinese hooker with a huge vagina?
Gae Ping.

****

for the kids:

What would you call an elephant who never washes?
A smellyphant.

Why don't lobsters share?
Because they're shellfish.

Where do cows learn how to sing?
In moooosic class.

Knock, knock...
Who's there?
Cook ...
Cook who?
Cuckoo? What are you, a *clock?*

Why didn't the skeleton cross the road?
He didn't have any guts.

Why'd Melvin cut a hole in his brand new umbrella?
So he could see when it stopped raining.

Harry's mother says, "Why are you crying, Harry?"
He says, "Because my new sneakers hurt."
She looks down and says, "That's because you put them on the wrong feet."
Harry says, "But these are the only feet I have."

What should you do if your clothes are on fire?
Don't put them on.

END of KIDS' SECTION !

****

There was a Chinee in China,
We thought was a very good climber ...
He slipped on a rock,
Fell and knocked off his cock,
Now that Chinaman's got a vagina.

****

Did you hear about the woman who died from eating too much peanut butter?
She stuck to the roof of her coffin.

****

A midget goes into a bar, and he's too short to see over, so he starts jumping up and down saying, "A whiskey, please," "A whiskey, please."

Nobody's taking care of him, so he keeps jumping up and down saying, "A whiskey, please," "A whiskey, please."

Finally he gets up on a chair, looks over and sees a midget bartender jumping up and down saying, "With ice?" "With ice?"

****

How many vaginas does it take to change a light bulb?
Just one, but is has to be very sticky.

******

classic Rodney Dangerfield:
"Last night my wife met me at the door in sexy lingerie ...
... trouble is, she was coming home. ..."

****

What's the difference between a white cow and a black cow?
A white cow goes, "Moo," and a black cow goes, "Moo out d' way."

****

Schmidlap's been away on business and decides it'd be nice to bring his wife a gift.

He goes into a store and the girl says, "How about some perfume? This bottle is one hundred and fifty dollars."

He says, "That's too much."

She says, "This one's sixty dollars."

He says, "Still too much. I'd like to see something really cheap."

So she hands him a mirror.

****

What's a cowboy call a cowgirl prostitute who won't go all the way?
A hired hand

****

Leeds is parking with a girl in the rain. It's very hot and stuffy and the windows are getting all steamed up, so he cracks open the passenger's side window.

He moves over and starts fiddling with her, and she says, "I'm getting wet," so he keeps fiddling, and she says, "I'm getting wet," and he keeps fiddling.

Finally she says, "Will you *close the fucking window?* I'm getting wet."

****

thanks for enjoying the jokes ...
... if you didn't enjoy them,
I hope you find a used condom at the bottom of your mayonnaise jar ...

****

***please follow me on* Twitter** !

get a new (?) joke every day at 4:20 pm EST ...

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****

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****

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thanks,

a JokeLand E-Mail
JokeLand Inc.
Box 58
Bayville, NY 11709
USA

Date: Wednesday, December 27 2017 05:02 PM
Subject: (BN) Leon Black's Tax-Overhaul Dilemma Could Alter Wall Street M
From: Glenn Dubin (DUBIN & COMPANY LP) [redacted]>
To: undisclosed-recipients:;
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(BN) Leon Black's Tax-Overhaul Dilemma Could Alter Wall Street M
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Leon Black's Tax-Overhaul Dilemma Could Alter Wall Street Model
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By Simone Foxman and David Carey

(Bloomberg) -- Leon Black recently posed a question whose answer will determine how profitable the new U.S. tax regime could make Wall Street firms like his Apollo Global Management LLC.

Publicly traded partnerships, such as Apollo, are taxed differently than corporations. So should Apollo take advantage of the overhauled tax rules to pay less in taxes? Or should it use this chance to change to an Inc. from an LLC, which would increase its tax bill but allow it to attract investments from mutual funds that have previously been out of reach?

"We're still analyzing," Black told the Goldman Sachs U.S. Financial Services Conference Dec. 6. "It's an uncertain outcome."

Either way, it's most likely a money-making outcome. The tax changes are a boon for private equity firms such as Apollo, where Black is chief executive officer. The new lower corporate rate has made it possible for bigger publicly traded partnerships to consider the change. As it is, management fees, which typically account for 30 percent or more of their earnings, are already taxed at the corporate rate. That will drop. The legislation scarcely touched the 23.8 percent rate paid on incentive fees, also called carried interest, which incur no additional levy when paid out to shareholders.

Double Tax

If the partnerships converted to corporations, the incentive fees would be hit with a second layer of tax when they're paid out. That would push the combined tax rate on incentive income paid out as dividends to nearly 40 percent, according to Peter Furci, co-chair of Debevoise & Plimpton's global tax practice.

But it would also allow the newly minted corporations access to indexes, and therefore the mutual-fund and ETF markets. About $2.2 trillion follows the S&P 500 Index, according to its website. As of June, $122.6 billion in assets tracked the Russell 2000 Index, the best-known small-cap U.S.

stock index, and there was $1.1 trillion bet on Russell U.S. indexes overall, according to the company.

The bigger universe of investors would likely boost the trading multiples of the firms' stocks. It's unclear how big the economic benefit of increased ownership would be, so the question is whether it would make up for the higher taxes.

"There's no way to say how much multiple expansion you could get by converting," said Gerald O'Hara, who follows private equity firms for Jefferies Group. "That's the question here that I think these firms are wrestling with."

Tax Complexity

One of the main reasons the funds have stayed away from private equity managers is tax complexity. Investors in typical stocks receive a Form 1099, a straightforward document that shows interest and dividends on investments at the end of each year. Owners of publicly traded private equity firms' stock get the Schedule K-1 instead. The K-1 shows their share of the partnership's interest, which determines how much the income is taxed. It's a headache, O'Hara said. Plus, firms can be inconsistent on the time of year they send out the forms, and the process of plugging in the numbers on a Schedule K-1 isn't as simple as it is for other kinds of income.

So asset managers, which offer options for many 401(k) investors, avoid buying shares of private equity firms.

On the campaign trail last year, President Donald Trump said he wasn't a fan of Wall Street "paper pushers" like hedge fund managers. He pledged to raise the tax rate on carried interest. The new tax law keeps it unchanged for investments held at least three years.

Hamilton Lane

Proponents of conversion to corporations point to Hamilton Lane Inc., an alternative-investment manager and pension-fund consultant that's a corporation and not a publicly traded partnership. The $1.9 billion company, which went public earlier this year, is now included in dozens of S&P, Russell and WisdomTree Investments Inc. indexes. Hamilton Lane shares have about doubled since the initial public offering.

Ares Management LP, created by former Apollo executives, is the most likely of its peers to make the jump, according to analysts at Keefe Bruyette & Woods Inc. Much of its revenue comes from management fees, so becoming a corporation would hurt its after-tax earnings relatively little.

Bill Mendel of Mendel Communications, a spokesman for Ares, said the firm is studying the situation. Apollo spokesman Charles Zehren of Rubenstein Associates declined to comment.

When Black spoke to the Goldman Sachs conference, he said he was certain of one thing: None of the big publicly traded partnerships wanted to be first to undergo conversion.

"If somebody does go first and their stock doesn't move up, then you’ll know that was a pretty dumb decision,’’ he said. If, on the other hand, the “stock does great, then all of us may have converted’’ in two or three years.

--With assistance from Ben Steverman and Carolina Wilson.

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November 27, 2015 8:05 pm

In the shadow of quantitative easing, party like it is 1788

John Dizard

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Quantitative easing is leading to the insolvency of insurers and pension plans, says John Dizard

A time traveller from 2010 to today's Europe would be shocked by what they find.

The borderless Schengen area is now festooned with immigration and customs barriers, and financial markets are assuming ever-ballooning asset purchase programmes by the European Central Bank that stretch into an indefinite future. Oh, and a president of the European Commission who says the single currency makes no sense when the Schengen agreement fails.

So then, in this world, what would be the "risk-free rate" that institutional investors can use in their investment analyses? These problems are getting to the point where they not only threaten life in Europe as we know it, but our very careers. America and Canada can afford to make a lot of policy mistakes without social dissolution; Europe cannot.

Specifically, the ECB and its member banks' quantitative easing is leading to the insolvency of life insurers and defined benefit pension plans. This is no longer a worst-case scenario, but the most likely outcome of the present policy course.

Perhaps a couple of years ago this could have been dismissed as so much journalistic whingeing, but now we are getting these projections from eurozone central banks.

Referring to last year's stress test of insurance companies by the European regulator, the Eesti Pank of Estonia now says that "the low interest rate scenario used in the stress test has already arrived, and the current yield curve is already lower than that used in the test. If companies do not take appropriate measures or adjust their operations or strategy, they could face difficulties in meeting their liabilities to policyholders earlier than was calculated."

The same problem applies to defined benefit pension plans, which are what most Europeans are counting on for that part of their retirement income that is not covered by pay-as-you-go state plans.

As the promises to pension, life insurance and guaranteed investment contract beneficiaries are discounted at very low or negative rates, they eat through any reserves or capital the institutions have on hand. At the same time, the institutions earn less and less income from any new securities purchases. This has happened slowly, and, with the curve bending downwards in working populations, quickly.

Someone will have to explain to the pensioners and survivors that they are not getting what they are promised. I would suggest not applying for that particular job opening. The compensation for investment managers who are arithmetically certain to lose money will tend to decline over time.

When someone says I am not smart enough to understand persistent negative real rates (the "persistent" is important), I have to agree. There is no way I could project all the dreadful consequences. However, it would be difficult to match the stupidity of the excuses for the current consensus on central bank policy.

Not that there will be a consensus for much longer. It does not take much reading between the lines of statements such as President Obama's last note in the FT to see that the competitive devaluation implicit in the ECB's policy path is making the leaders of a major currency zone rather cross. And just before a US election year, to twist the knife.

But then it is always an election year somewhere, and it apparently is the job of macroeconomists to come up with plausible stuff to fill out press releases, not to make actual policy.

To their credit, Federal Reserve staff seem quite guileless about the shortcomings of the long-term projections generated by their central model.

Not that the market people are without their sins of oversimplification and formalism. They have stretched VAR models for risk far beyond their real utility. The market's risk managers have the same motivation as the macroeconomists: their bosses want a short answer that supports their compensation plan or political platform.

Enough hard feelings; I am now confident that we in the developed world will succeed in our most important goal. That is to get through the year end and the bonus calculation period without having to put a complete financial disaster on the books. My concerns are about what comes after that.

Next year some of the seemingly endless European processes of regulation writing are coming to an end. For example, Solvency II regulations for insurers are scheduled to come into force, which means that the various national publics will have to be told that it will not be possible to pay them exactly what they think they have coming.

Already there is right-to-left German national anger over the proposed eurozone deposit insurance scheme, as if refugees were not enough. That the German distress is counterpointed by apparent Italian government cynicism over budget policy does not help.

In the coming holidays, you should party like it is 1788.

Letter in response to this article:

The saving grace of negative interest rates / From Michael G Mimicopoulos

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Jorge-Tuto Quiroga

Time for a 'Belt and Sea Lane' for Latin America

President Xi Jinping will host dozens of world leaders on Sunday and Monday at the Belt and Road Forum for International Cooperation, as China's Belt and Road Initiative has seized worldwide attention. Right after this important event, the Chinese government should take advantage of the major shifts in the Americas, look across the Pacific and launch a parallel effort: the "Belt and Sea Lane" initiative for China and Latin America (Mexico, the Caribbean, and Central and South America).

Three recent seismic changes have dramatically affected Latin America. First, the economic links that China has developed over the past 13 years with South America. Second, the end of populism in this region. Third, the election of Donald Trump as president of the United States, which will severely damage economic integration in the Americas, as shown by the recent demise of the US-led Trans-Pacific-Partnership agreement. Let us broadly review these three waves to understand the opportunity for China.

South America swayed from the "lost half decade" of 1998-2003, to the "golden decade" of 2004-14, and this change happened mainly because of China. South American nations are rich in minerals, energy and food, which China started buying at growing prices and in ever increasing volumes. China is the main purchaser and price driver for commodities; whether it is copper from Chile, soybeans from Argentina or Paraguay, iron ore and grains from Brazil, gold from Peru, beef from Uruguay, tin from Bolivia, oil from Venezuela and Ecuador, or coal from Colombia.

This economic link became crystal clear in the US financial crisis of 2008 that slowed down the economies of Mexico, Central America and the Caribbean (CAC), which all depend heavily on exports to the US market and remittances from there, but South America kept growing so long as China kept growing. The dividing line became clear: in Latin America, south of the Panama Canal the economic driver is China, north of the Panama Canal it still is the US.

China has become the main buyer of South American commodities, a more important lender and an active investor. The challenge remains to have China become a full blown, long-term development partner for South America.

The Chinese influence in Mexico-CAC is different. Here China is viewed as a competitor for access to the US market with manufactured goods (Mexico) and textiles (CAC), as well a price hiker for food products, and fuel that CAC needs to import. So the Chinese economic influence is dominant in South America. The US has been the prevailing influence in Mexico and CAC, until Trump was elected. The future for Mexico and CAC is now uncertain.

With sky-high commodity prices, South America was governed according to the Hugo Chavez project in Venezuela, the Workers Party (PT) in Brazil, the Kirchner power couple in Argentina, and other like-minded projects in the region. South American coffers were filled by Chinese purchases of oil, grains and minerals, as populist regimes reigned over South America. There was a tendency to nationalize companies, spend freely, set low unsustainable consumer prices, close off free trade and not be very friendly to foreign investment in general.

With the commodity price decline since 2014 (especially oil prices) and voters fed up with and tired of corruption and abuses of populist regimes, the tide turned. More countries now have market-friendly governments. The end of populism in South America bodes well for China, as the current governments are more open to Chinese investment, more open to trade and can assure a better structural framework to collaborate with China.

For the first time in its history, the US has elected a president who combines a protectionist trade position with an anti-migration policy. Trump has particularly targeted Mexico, promising to deport 11 million people, to build a wall by seizing remittances sent from the US, to hike duties for manufactured goods and abrogate the North American Free Trade Agreement. This is very worrisome for Mexico, but it also affects many countries in Latin America that have citizens sending remittances from the US. The trade disruption will eventually affect all CAC countries, as well as Chile, Colombia and Peru, that all have similar free trade treaties with the US.

> **South America swayed to the "golden decade" of 2004-14, and this change happened mainly because of China.**

Taking into account the economic interdependence between China and South America, the end of populism in South America, and the dramatic threats that the Trump administration poses to Mexico and CAC, it is clear that time, circumstances and events are providing a significant opening for China to propose a full-blown partnership with Latin America.

The proposal should seize the opportunity of the "demise" of the Trans-Pacific Partnership agreement. Mexico now needs reliable partners, unlike the US; so will CAC very soon; and South America needs to deepen its strong trade ties with China.

President Xi Jinping can take advantage of his strengthened position as the core leader of China, his commitment to address climate change and his stance as the world's free trade leader, which will help China to extend its Belt and Road Initiative toward Latin America, across the Pacific, with a "Belt and Sea Lane" proposal. The basic elements of it should be trade, loans, investment and respect for human dignity (No deportations. No discrimination). A new trade framework, the active presence of the China-led Asian Infrastructure Investment Bank in Latin America and the expansion of Confucian Institutes should be part of this initiative. Latin America is ready and ripe for such a proposal.

This is the right time to show that while some want to build walls to divide and separate, China wants to build a bridge across the Pacific to integrate and link Asia and Latin America.

Just one opportunity illustrates the potential of a deeper China-Latin America partnership. China is the world's leading manufacturer of lithium batteries, close to 90 percent of the world's lithium reserves are in South America. Our new, deeper partnership can easily prevail in the race to lead the new wave of lithium batteries for cleaner, more efficient development in the 21st century.

The window of opportunity is now the Belt and Sea Lane Initiative for a stronger China-Latin America partnership.

The author is former president of Bolivia.

Robert Lawrence Kuhn

Xi's philosophy for engaging with the world embodied in initiative

The Belt and Road Forum for International Cooperation will be held on Sunday and Monday. How does the initiative express President Xi Jinping's political philosophy with respect to China's foreign and domestic policy?

Xi's foreign policy is to engage the world, safeguard China's core interests, encourage mutual economic development, and facilitate China's emergence as a great power. Xi's domestic policy stresses reform, rule of law, and the realization of an all-round moderately prosperous society, which requires the alleviation of extreme poverty.

Here's how the Belt and Road Initiative enhances the four pillars of China's foreign policy.

A multi-polar world has long been a cornerstone of China's foreign policy, which opposes domination by one or two superpowers. The Belt and Road Initiative engages more than 60 countries along multiple land and maritime routes and exemplifies a multi-polar world.

Peaceful development is China's watchword. It has vowed that no matter how powerful the country becomes, it will never seek domination. The Belt and Road projects are founded on mutual cooperation, shared development and joint construction irrespective of the size or power of the host country.

People-to-people communications are an integral part of the Belt and Road Initiative: multi-channel, multi-level exchanges between peoples to promote mutual understanding. Examples include sister cities, cultural activities, non-governmental organizations, and public diplomacy.

A "community of shared future" is how Xi epitomizes the dreams of diverse peoples in common pursuit of peace and development. In this context, the 2,000-year history of exchanges along the ancient Silk Road provides precedence that different countries, races, religions, beliefs, political systems and cultural backgrounds can achieve peace and share the fruits of their interactions — provided they persist in seeking common goals and mutual trust, equality and mutual benefit, and tolerance and mutual learning.

The Belt and Road Initiative will be successful to the extent that China's principles of domestic development can be adopted and adapted by other developing countries according to their own conditions. Xi's overarching principles for guiding China's domestic transformation are innovation, coordination, greenness, openness and sharing.

How does each relate to the Belt and Road Initiative?

Large-scale infrastructure projects require structural innovation, especially in their financing and investment robustness. (The Belt and Road projects must be financially viable; they are not foreign aid.) The Asian Infrastructure Investment Bank, initiated by China to facilitate projects, is itself a major innovation.

> **China's spirit of openness, as well as its policy of opening-up policy catalyzed the country's economic development.**

For each Belt and Road project, diverse components, such as the local government, project management, international financing, and foreign and domestic constructing companies must be coordinated so they work together.

As developing countries are more concerned about economic development than environmental protection, the short-sighted move of shipping off polluting industries to them should be guarded against. If Belt and Road projects pollute host countries, local populations will come to resent China. Environmental protection and green development are essential.

China's spirit of openness, as well as its opening-up policy catalyzed the country's economic development. This same spirit and policy can energize countries along the Belt and Road while respecting local cultures and conditions. But what worked in China, if transplanted wholesale, will likely not work elsewhere. The challenge for developing countries is to adapt what makes sense for their own conditions.

Sharing is the essence of the Belt and Road Initiative. It is the proper spirit for all human beings and it is essential for maintaining global stability. Inequalities are a primary cause of instability. Shared development is as much a matter of transferring experience as it is of transferring money.

Just as these five major development concepts are transforming China's society and rebalancing China's economy, the Belt and Road Initiative can transform the developing world's infrastructure and rebalance the entire global economy.

China cannot aspire to global leadership by means of power alone. Economic and military strength, while necessary, are not sufficient. There must also be a moral or ethical arc to China's rise, and this includes Belt and Road projects. China, as Xi asserts, should "balance justice and benefits, stress faithfulness, value friendship, carry forward righteousness, and foster ethics."

There will be challenges: unforeseen events that China will have to handle with sensitivity. But can China demonstrate moral as well as economic leadership?

The author is a public intellectual, political/economics commentator, and international corporate strategist.

Erik Solheim

ESTABLISHING GREEN ROUTES FOR GROWTH

There was a time not long ago when most big social and economic challenges were domestic. With good policies and good implementation of those policies, many countries could tackle these problems alone. China's recent success in lifting millions of people out of poverty is a perfect example of this.

But today, our challenges are not only domestic, and they are not only social and economic.

Climate change, pollution, and the loss of biodiversity are environmental issues that spill over borders.

And today, issues such as poverty, inequality, peace and security are not only problems facing individual countries.

These are global challenges. They must be tackled collectively.

A number of countries are leading the way in fostering international cooperation. China, with its Belt and Road Initiative, is one of them.

Evidence of this can be seen in Ethiopia, where China has helped to build a metro system in Addis Ababa, and in Kenya, where a standard gauge railway is being built to link the port of Mombasa first with Nairobi, and ultimately with neighboring Uganda, Rwanda, and South Sudan. In recent years, Chinese companies have aslo led renewable energy projects in places such as Pakistan, Thailand and the Philippines.

Such massive investment in development is on a scale never before seen. And there is great progress to be made on security, economic and social challenges.

But we cannot forget the other global challenge that we must face together: protecting the environment.

UN Environment also recognizes the potential of the Belt and Road initiative to improve people's lives. We also know how important it is to do this sustainably.

If we do not make Belt and Road projects climate friendly, we put the world at risk from worsening pollution and severe climate change. If done right, millions will see the benefits of green growth.

LI MIN / CHINA DAILY

Now is the time to do it right and make Belt and Road as green as possible.

That is why UN Environment signed an agreement with the Chinese Ministry of Environmental Protection in December to promote the sustainable development of the Belt and Road.

There are many ways we will support this. Our environmental expertise runs from sustainable finance and clean technologies to ecosystems and sustainable consumption and production. UN Environment can support technology transfer and the creating of green economy policies. Through our Finance Initiative, we can work with private investors to promote sustainable investment practices along the Belt and Road.

But we cannot do it alone. Many other stakeholder groups, investors, and businesses have valuable expertise to bring to the table. And many Belt and Road countries have asked specifically for such support to make sure that the Belt and Road Initiative helps them meet their sustainable development needs.

And so, at the Belt and Road Forum for International Cooperation in Beijing this week, UN Environment and China's Ministry of Environmental Protection will announce the International Coalition for Green Development on the Belt and Road.

UN Environment and China will bring together dozens of partner organizations in this coalition. We want to draw knowledge from the largest body of environmental expertise possible to ensure that Belt and Road brings long-term, planet-friendly growth.

The forum this week will bring together a significant portion of that expertise. I see it as the beginning of a close collaboration and hope to grow our coalition. We all want the Belt and Road Initiative to fulfil its promise as a positive force for development. We must work together to ensure that development is sustainable.

The author is head of UN Environment.

> “Developing nations in Central Asia, Europe, Southeast Asia, Africa and other regions need to have our news perspectives and voices heard.”
>
> **Wilson Flores**, columnist at the Philippine Star newspaper

COMMERCE

Trade initiative is ‘direction of future’

Expert: Belt and Road strategy will be applauded years from now as visionary

By TANG YUE in Xi’an
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The first US presidential debate might have been the most-watched event around the globe on Monday night local time, with the expected protectionist remarks made by candidates Donald Trump and Hillary Clinton.

Yet, at the same time, across the Pacific Ocean, the Belt and Road Initiative, launched by China three years ago to foster economic ties, gained momentum as media from China and abroad expressed support.

“I know many people think the most important event today is the debate, which is going on right now,” Robert Kuhn, a US expert on China and a host on China Central Television, said on Tuesday at the media session of the International Seminar on the Belt and Road Initiative in Xi’an, Shaanxi province.

“However, looking back in 50 years or 100 years, I believe this is a more important event than the debate because it pushes forward an important initiative that is the direction of the future,” Kuhn said at the two-day seminar. China Daily is a co-organizer.

Robert Kuhn (right), a US expert on China and a host on China Central Television, speaks at the media session of the International Seminar on the Belt and Road Initiative in Xi’an, Shaanxi province on Tuesday. HUO YAN / CHINA DAILY

In 2013, President Xi Jinping proposed the Silk Road Economic Belt, which includes countries situated on the original Silk Road, passing through Central Asia, West Asia, the Middle East and Europe, as well as the 21st Century Maritime Silk Road, which covers Southeast Asia, Oceania and North Africa.

By the end of June, China had signed cooperation agreements with more than 30 countries regarding the initiative and is working with another 20 on capacity building projects in the manufacturing sector, according to a report by Renmin University of China.

“Some countries that start to turn inward, start to talk protectionism, seem to be more skeptical about trade. This initiative is moving in the opposite direction. It promotes cooperation and business across the border,” said Jason Eugene Subler, Greater China bureau chief of Reuters.

Some 100 media representatives from about 20 countries attended the seminar and reached a written consensus to be “a champion of the Silk Road Spirit”, referring friendship and cooperation throughout history, and to be “an active supporter of the initiative”.

Wilson Flores, a columnist at the Philippine Star newspaper, said the initiative allows the media in participating countries to better cooperate and to enrich the diversity of media voices, which has long been dominated by Western news organizations.

“As we evolve into a more diverse and multipolar world, developing nations in Central Asia, Europe, Southeast Asia, Africa and other regions need to have our news perspectives and voices heard.”

Kang Bing, deputy editor-in-chief of China Daily, suggested that media organizations along the route can jointly identify topics to cover, develop applications together, co-produce microvideos and launch special columns, reports and web pages on the platform of other countries.

INFRASTRUCTURE

Big money sought to connect Asia-Pacific

By CHEN YINGQUN
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Joint efforts are needed by Asia-Pacific countries to create innovative financing mechanisms to develop infrastructure, according to an official at a connectivity symposium in Yangzhou, Jiangsu province, on Tuesday.

Huang Mengfu, honorary chairman of the China National Committee for Pacific Economic Cooperation, said at the symposium — the International Symposium: Connecting the Connectivities in Asia Pacific — that in 15 to 20 years, global demand for infrastructure investment will reach $50 trillion.

According to the World Economic Forum, annual demand globally is currently $3.7 trillion, but as there is a $1 trillion shortage of investment, actual investment is about $2.7 trillion, Huang said.

“No single economy or any international organization can afford to cover such a huge margin. I believe we especially need to mobilize the participation of private capital in connectivity, and we should make full use of public-private partnerships,” Huang told representatives from more than 20 Asia-Pacific countries and regions at the event.

Zhou Qiangwu, head of the Ministry of Finance’s International Economics and Finance Institute, said connectivity in the Asia-Pacific region currently lacks capital, as well as mechanisms to maximize its use.

“It may take a long time for investors to make a profit by investing in infrastructure projects in the connectivity area, and sometimes there are even political and technical risks. As a result, private capital is reluctant to invest in it,” he said.

However, there is currently about $35 trillion in idle private capital in the Asia-Pacific region, Zhou said. Multilateral development organizations could bring in more private capital and help reduce risks through creative financing tools, Zhou said.

Huang, the chairman, added that the Asia Infrastructure Investment Bank could help channel financial support to infrastructure construction.

TRANSPORTATION

Final section of bridge to Hong Kong, Macao completed

By ZHENG CAIXIONG
in Zhuhai, Guangdong and
SHADOW LI in Hong Kong

Above: Workers celebrate the completion of major construction work on the Hong Kong-Zhuhai-Macao Bridge on Tuesday. ZHONG FAN / FOR CHINA DAILY
Left: The bridge stretches 22.9 kilometers over the water. LI JIANSHU / FOR CHINA DAILY

Installation of the final 35-metric-ton piece of the Hong Kong-Zhuhai-Macao Bridge — an expansion joint — was completed on Tuesday, marking the start of the next phase of the gigantic bridge project.

Zhu Yongling, director of the bridge authority, made the announcement in Zhuhai, Guangdong province, on Tuesday after the installation was completed.

“This means construction of the 22.9-kilometer-long bridge, which is a major component of the project, has been completed,” Zhu told media.

Experts said the bridge, which is expected to open before the end of 2017 will play a significant role in enhancing economic ties between Hong Kong, Macao and Guangdong.

Chen Guanghan, vice-dean of the Research Institute of the Development of Guangdong, Hong Kong and Macao, said the bridge will help Hong Kong further expand its development space when it advances its cooperation with the vast western part of the Pearl River Delta region in Guangdong after traffic begins to flow.

“The western part of the delta region, which includes the prosperous cities of Zhuhai, Zhongshan, Jiangmen, Yangjiang and Taishan, still has huge room for expansion and cooperation with Hong Kong,” Chen said on Tuesday.

“Meanwhile, Zhongshan, the hometown of Dr Sun Yat-sen; and Jiangmen and Taishan, the hometowns of myriad overseas Chinese living around the world, have rich tourism resources for further development,” he said.

“The bridge will help accelerate the development of Hong Kong’s international airport and its ports and the development of Hong Kong’s Lantou Island area,” Chen said.

It is also expected to help Hong Kong’s airport and ports to attract more businesses, Chen said.

Chen urged Hong Kong to build more major shopping centers and malls on Lantou Island, with its rich tourism resources, to meet the demand from the large number of mainland residents who are expected to visit Hong Kong after the bridge opens.

Song Haiyan, associate dean of Hong Kong Polytechnic University, predicted that the bridge will positively affect the economies of all three cities.

Song said he does not believe the bridge will necessarily bring a great surge in tourist traffic, but it will have a positive effect overall, presenting yet another option in addition to plane, train or ferry for travel between Hong Kong and the mainland.

Hong Kong lawmaker Lo Wai-kwok said the bridge will fortify Hong Kong airport’s pivotal role in the region, connecting the western Pearl River Delta and shortening the journey from Zhuhai to Hong Kong.

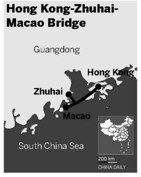
Lo said he is confident the bridge will be finished on time, noting that the most difficult part is now complete.

The 55-kilometer bridge includes a 6.7-kilometer underwater tunnel and a 22.9 kilometer bridge that passes over the sea, making it the longest cross-sea bridge in the world.

Construction of the Y-shaped bridge started in 2009 and will cost more than 10 billion yuan ($1.5 billion). It is part of the country’s planned national highway network, linking the western and eastern banks of the Pearl River.

Once in operation, the bridge will help shorten the current four-hour drive from Hong Kong to Zhuhai to half an hour.

The service life of the bridge is expected to be more than 120 years.



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SECURITY

China, India to enhance efforts against terrorism

By ZHANG YAN
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China and India will enhance law enforcement cooperation to fight cross-border terrorist attacks amid increasing threats to the region, according to the Ministry of Public Security.

The agreement was reached at the first China-India Dialogue on Counterterrorism and Security held in Beijing on Tuesday.

During the conference, China and India expressed their concerns and exchanged views on combating terrorist attacks and conducting extensive security cooperation. They also reached consensus on practical measures to cope with the threat.

Establishing a China-India counterterrorism dialogue mechanism will play an essential role in “enhancing their mutual trust and deepening pragmatic judicial cooperation to fight terror attacks, and in maintaining regional security and stability”, said Lan Jianxue, a researcher at the China Institute of International Studies.

Under such a complex security situation, it’s urgent for the two countries to “seize a rare opportunity to create a special dialogue, which will eliminate previous suspicions and guide them to implement their counterterrorism action plans”, Lan said.

Last November, China and India issued a joint statement to strengthen their judicial cooperation to handle terrorist crimes.

Although some achievements have been made, challenges still hinder progress in deepening judicial cooperation, observers say.

“It’s necessary for us reach a consensus on terrorism’s definition and scope, and on conviction standards,” said Su Qiang, a Beijing-based lawyer who specializes in researching regional security in South Asia and the Middle East.

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Briefly

BEIJING

Website launched to broadcast trials

China launched a website, tingshen.court.gov.cn, to broadcast court trials live on Tuesday. The live trials will involve various cases and better safeguard people’s rights to know and to supervise, Zhou Qiang, head of China’s Supreme People’s Court, said at the launch ceremony.

Police told to record activities

Police forces across China must record the whole processes of their law enforcement activities, under a guideline released on Tuesday by the State Council, China’s Cabinet. The regulation calls for police authorities to better digitalize officers’ activities, and present all cases on the internet, except those involving State secrets.

NINGXIA

Mine explosion kills 12, traps 8

Twelve people were killed and eight others remain trapped on Tuesday evening after an underground gas explosion at a coal mine in Shizuishan, local authorities said. The explosion occurred around 7 am in a mine run by Linli Coal Mining Co. Local authorities launched an emergency rescue response and sent senior officials to coordinate rescue efforts at the site.

XINHUA—CHINA DAILY

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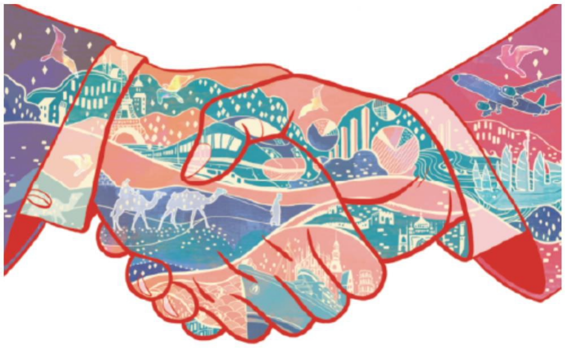
Initiative marks transition of grand vision

By **Robert Lawrence Kuhn** | China Daily | Updated: 2017-05-13 08:55



LI MIN/CHINA DAILY

The Belt and Road Forum for International Cooperation marks a transition of high symbolism in President Xi Jinping's grand vision for a new era of win-win globalization. The core idea is to structure, finance and build critical infrastructure in developing economies, as well as diversify and expand the Chinese economy, which needs restructuring.

This is the fourth Belt and Road forum I will attend.

Xi announced the Silk Road Economic Belt as a "grand cause benefiting people in regional countries along the ancient route" in Kazakhstan in September 2013. In

June 2014, I was asked to articulate the vision at the first Belt and Road forum in Urumqi, Northwest China's Xinjiang Uygur autonomous region. I described five categories: history, culture, trade, mutual development and peaceful development.

The second forum was in Quanzhou, Southeast China's Fujian province, in February 2015. It enlarged the vision to include the 21st Century Maritime Silk Road, engaging Southeast Asia, South Asia, the Middle East and East Africa.

The third forum was held in Xi'an, Northwest China's Shaanxi province, in September 2016, with the theme "Shared Memory, Common Development".

To comprehend Xi's Belt and Road Initiative, one must appreciate globalization, which is founded on the perennial law of comparative economic advantage but which is suffering discontent due to its differential impact on workers in Western countries. In a reversal of historic proportions, China now champions globalization, while the United States is now conflicted with "America First" protectionism.

China's developmental miracle is founded on globalization, as Chinese workers made China the low-cost manufacturing center of the world.

But China's old model no longer works – for one, workers must be paid higher salaries to rebalance severe socio-economic imbalances. China must develop new modes of globalization, leveraging its expertise and experience, especially in infrastructure construction, which is just what the developing economies need for their development.

The initiative is to expand links between Asia, Africa and Europe, and thus reduce imbalances in national development and promote global economic growth. It focuses on projects such as high-speed railways. Development comes first, China believes; nothing good can happen without economic growth.

The Beijing forum seeks consensus on major cross-regional projects, especially networks of roads, railways and shipping.

At the Xi'an forum, I chaired a session (on the media), which was held at precisely the same time as the first debate between US presidential candidates Donald Trump and Hillary Clinton.

"One hundred years from today," I began, "when the history of our times is written, our forum on the Belt and Road (Initiative) will carry more significance than the

Trump-Clinton debate."

I was joking in one sense, but not in another. Why is the initiative so significant? From the global perspective, poverty, under-development, and vast inequalities are deep, seemingly intractable problems – and economic development, catalyzed by infrastructure construction, is an essential part of the solutions.

From China's perspective, after decades of remarkable growth, economic transformation is necessary, and this includes geographical rebalancing within China and expanding China's trade by enhancing globalization.

All of these can be achieved by the initiative, but only if formulated synergistically and implemented assiduously. There are substantial challenges, of course – economic, financial, structural, political instability, nationalism, terrorism and, in certain circles, suspicion of China's motives.

But for sure, the world has great need and China has a grand plan in the Belt and Road Initiative.

The author is a public intellectual, political/economics commentator, and international corporate strategist.

http://africa.chinadaily.com.cn/opinion/2017-05/13/content_29330010.htm

Global Equity Volatility Insights

Why S&P vol dispersion may be the best way to trade a bubble in Tech

Bank of America Merrill Lynch

06 June 2017

we estimate 68% of the

US

How to detect and position for a potential Tech Bubble

Our investment strategists recently warned against the risk of an overshoot in US Tech, as data on valuations, relative performance, and inflows invoke echoes of the late '90s. However, rising Tech vol alongside rising Tech stock prices – a classic sign of an asset bubble – has yet to materialize, suggesting still early stages of bubble formation. Derivatives can be a key tool for trading bubbles, allowing investors to capture asset price upside while mitigating reversal risk. To this end, we like stock replacing FANG positions or overlaying Tech exposure with Nasdaq 100 (NDX) put spreads. Long volatility dispersion strategies are particularly well-suited for trading asset bubbles, in our view, as they can profit from *both* the inflation and deflation of a bubble without needing to time the top. Specifically, we like SPX 12M Top50 dispersion to position for a potential Tech Bubble as (i) the Top50 basket is dominated by Tech stocks, hence would benefit from any rise in their vol from currently low levels; (ii) the trade would benefit from any downward pressure on broad-market correlations as Tech stocks decouple from other large caps; and (iii) the late '90s Tech Bubble generated the most sustained period of elevated S&P vol dispersion in history.

Europe

DTE Sep17 collars can hedge DTE-TMUS merger risk; value in Enel bullish riskies

DTE GY has run too fast, too quick: investors who own stock should consider hedging a pullback using a Sep17 collar (+17put/-18 call for 46bps) to hedge losses greater than 2.9% while retaining upside to 18 (stock's ~15yr high is 18.05). Extending our EU equity vs credit theme to single names, we find Enel 3m bullish risk reversals screen attractive as Enel's projected 12m div yield is high versus Enel CDS (suggesting value in owning equity vs credit) and the price of 3M bullish risk reversals is low (versus other names) as well as versus history (2nd 5y percentile).

Asia

Buy best-of puts to cheaply hedge a reversal in the melt-up rally

While still high central bank liquidity may continue to push markets higher, heavy equity and option positioning suggests the risk of a market reversal. To minimize the cost of hedges and take advantage of the recent decline in volatility and correlation, we suggest owning 14-Sep-2017 95% strike best-of puts on KOSPI2/HSI/NKY at 0.8%, a 45% discount to average vanilla puts.

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Refer to important disclosures on page 32 to 36. Analyst Certification on page 29. Price Objective Basis/Risk on page 29. 11753360

Timestamp: 06 June 2017 01:43AM EDT

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Table 1: 3M volatility (weekly changes)

	Implied	Realized
S&P500	9.5 (-0.1)	7.3 (-0.4)
ESTX50	13.0 (-0.4)	11.1 (-0.6)
FTSE	10.6 (0.4)	9.2 (-0.5)
DAX	12.2 (-0.7)	9.9 (-0.7)
NKY	14.2 (-0.2)	12.5 (0.1)
HSI	12.4 (0.3)	10.1 (-0.2)
KOSPI	12.8 (-0.3)	10.6 (0.0)
EEM US	15.4 (-0.1)	13.2 (-0.8)
TOP40	15.1 (1.0)	10.9 (0.0)
RDX	24.7 (1.2)	21.9 (0.0)
IBOV	25.3 (0.5)	26.4 (-0.2)
ISE30	19.6 (-0.2)	14.0 (-0.4)

Source: BofA Merrill Lynch Global Research

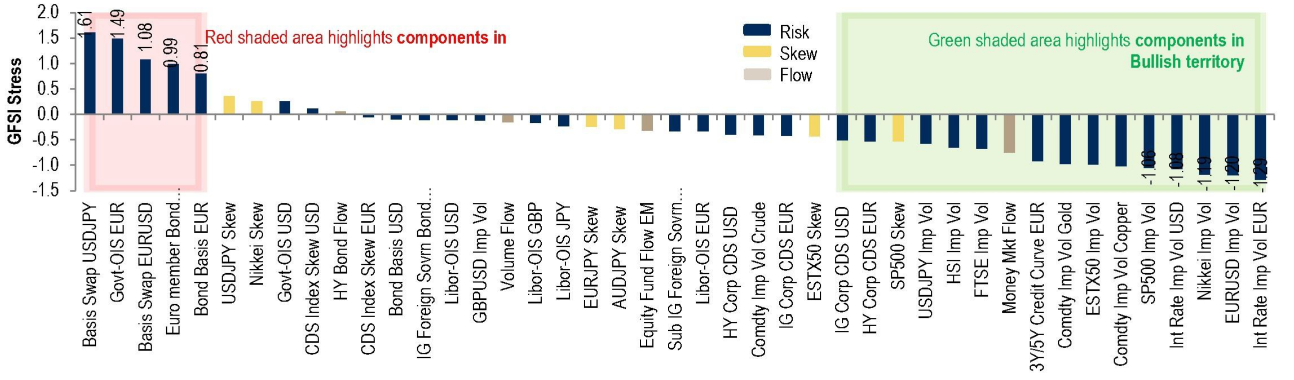
BofAML GFSI^{TM} X-Asset Risk Landscape

GFSI below 'normal' for longest period since summer 2014

The GFSI continued its decline last week, falling to -0.21 as of 2-Jun from -0.17 a week prior. The indicator last spent a significant proportion of time below -0.2 back in summer 2014, when cross asset volatility recorded long term lows.

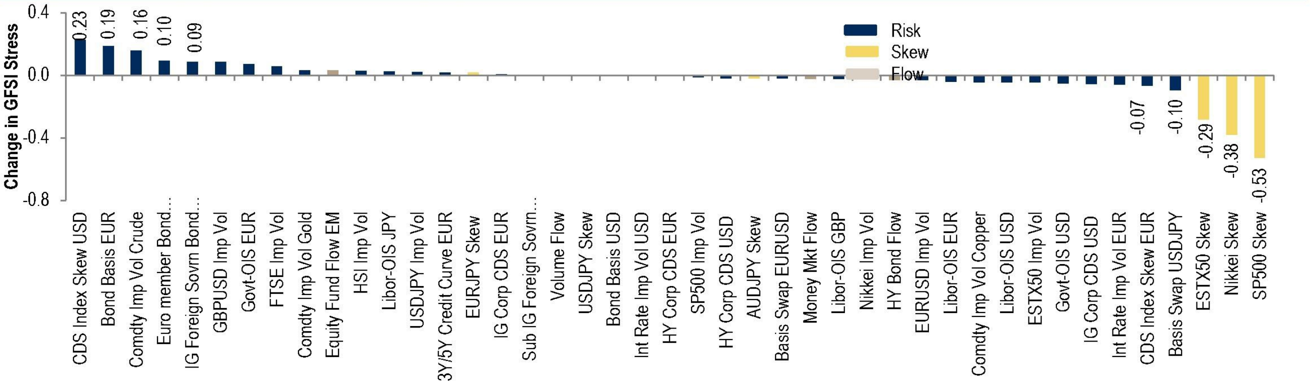
- **Equity risks led the broad based decline in stress across asset classes** (Chart 2 and Chart 3), led by equity skew.
- **While most stresses fell, crude oil volatility was among the top gainers** (Chart 2) as oil continued its slide despite the May OPEC meeting seeing agreement for extending production cuts.
- **Also, Euro member bond spreads recorded a historically significant move higher** (Chart 5) as the potential for early Italian elections causing political instability amidst ECB tapering revived concerns about European sovereign risk

Chart 1: Latest* stress across GFSI sub-components



Source: BofA Merrill Lynch Global Research. *Latest as of 2-Jun-17.

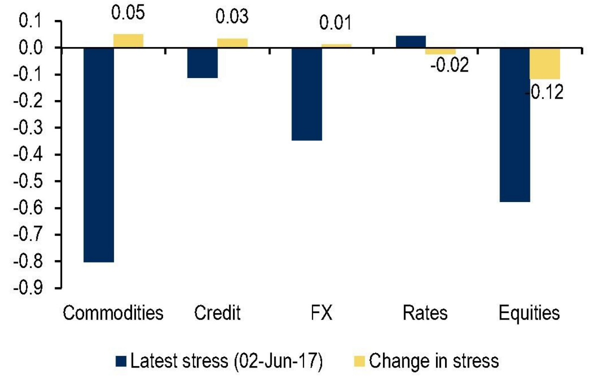
Chart 2: Change in stress across GFSI sub-components.**



Source: BofA Merrill Lynch Global Research. **Latest as of 2-Jun-17. Change vs 1 week prior (26-May-17).

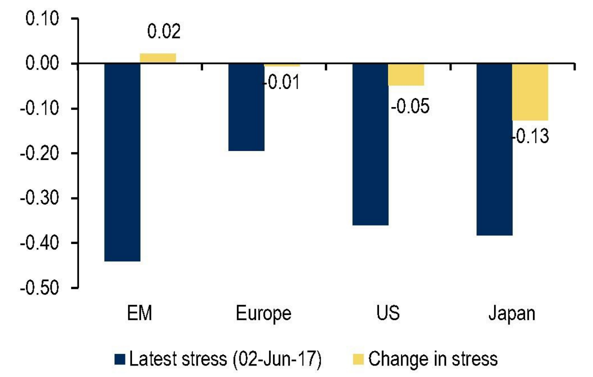
The GFSI Risk Allocator (using Bull, Bear & Neutral weights of 2, 0, 1) suggested a 21.7% overweight position on 2-Jun (vs 13.0% OW as of 26-May). The percentages of Bullish, Bearish and Neutral GFSI components (as used in the Risk Allocator) as of 2-Jun were 30.4%, 8.7% and 60.9% respectively.

Chart 3: Equity stresses fell by the most last week



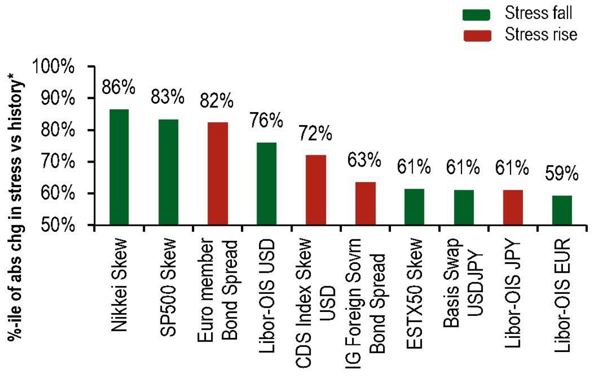
Source: BofA Merrill Lynch Global Research. 1wk change (26-May-17 to 2-Jun-17).

Chart 4: Among regions, Japan & US stresses declined the most



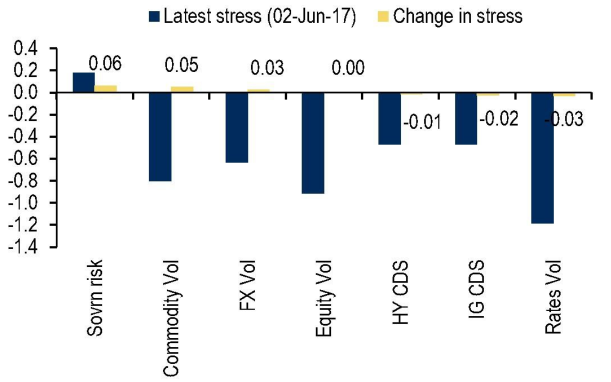
Source: BofA Merrill Lynch Global Research. 1wk change (26-May-17 to 2-Jun-17).

Chart 5: Top 10 movers in stress (1-week abs chg %-ile vs history*)



Source: BofA Merrill Lynch Global Research. * %-ile of weekly move in stress vs all historical weekly moves (earliest 3-Jan-00). Bar colours represent rise (red) or fall (green) in stress. 1wk change (26-May-17 to 2-Jun-17).

Chart 6: Global volatility & credit spread stress in the GFSI



Source: BofA Merrill Lynch Global Research. 1wk change (26-May-17 to 2-Jun-17).

Volatility in the US

How to trade the rise & fall of a potential Tech Bubble

"Alexa, has the Tech Bubble started?"

Our investment strategists recently warned against the risk of an overshoot in Tech, noting that the longer it takes Central Banks to tighten, the greater the risk of Tech and Growth stocks entering a speculative frenzy. Data on relative performance, valuation, and flows are reminiscent to varying degrees of the early stages of a bubble:

- **Market cap hegemony**: Following the GFC, Tech stocks ousted Financials from their top position in terms of market cap and now account for 23% of the S&P500, the highest %-age from any single sector since the dotcom bubble (Chart 7).

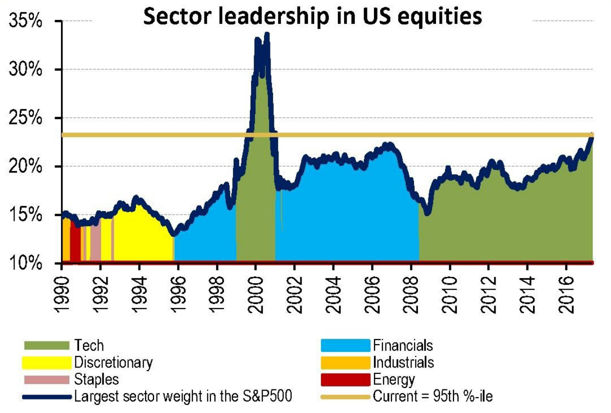
- **Dazzling growth vs. value outperformance:** S&P 500 Growth stocks (SGX) on aggregate cost ~1.4x as much as their Value counterparts (SVX), the largest premium since the dotcom bubble (Chart 8). Notably, the S&P 500 Growth index is dominated by Tech stocks, which account for 36% of its total market cap.

- **Third longest streak of monthly gains:** In May, the Nasdaq 100 recorded its seventh consecutive monthly gain, the longest streak since 2009. Remarkably, the index has managed to establish a longer streak only twice in its history, in 1986 (10 consecutive months) and in 1995 (8 months). The rally in these two episodes ultimately came to an abrupt halt. However, the index would have substantial further upside from current levels if it were to achieve similar gains (Chart 9).

- **Lofty valuations:** The valuation of Tech as measured by price to consensus forward 12M earnings expectations recently hit its highest value since Nov-07 and is exhibiting signs of acceleration (Chart 10). However, Tech remains far cheaper than its dotcom bubble highs.

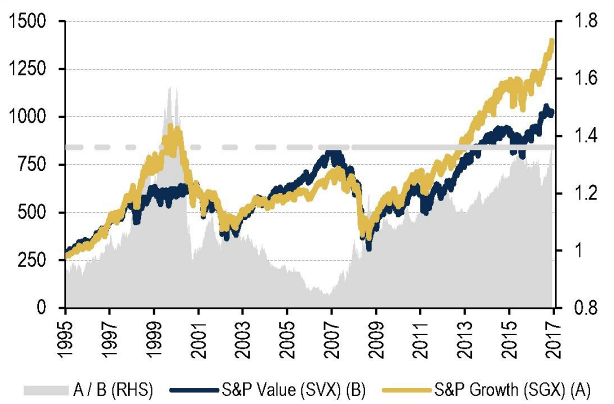
- **Irrational exuberance:** Inflows to Tech funds are rising at their fastest annualized rate (25% of AUM) in 15 years, a sign of renewed exuberance.

Chart 7: The last instance where a single sector dominated SPX market cap as the Tech sector does now was the dotcom bubble era



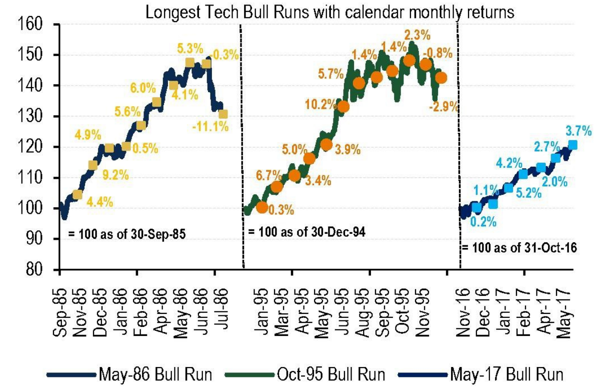
Source: BofA Merrill Lynch Global Research. Monthly data from Jan-1990 to Jun-17.

Chart 8: Growth has only been relatively more expensive vs. Value during the peak of the dotcom bubble



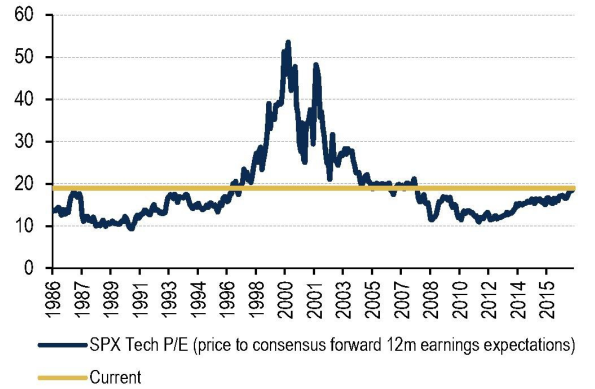
Source: BofA Merrill Lynch Global Research. Daily data from 30-Jun-95 to 5-Jun-17

Chart 9: In May, the Nasdaq recorded its longest streak of monthly gains since 2009 (7M). However, compared to the only other instances of longer streaks ('86, '95) the current bull run is still only half the size



Source: BofA Merrill Lynch Global Research. Data from Sep-85 to 31-May-17

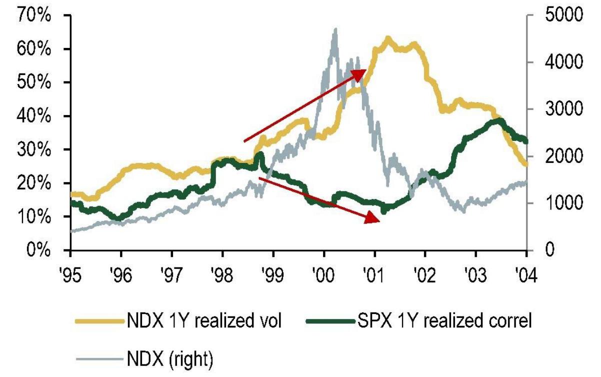
Chart 10: Tech valuations seem to be gaining momentum and are now at their highest levels since before the GFC but remain far from dotcom bubble peaks



Source: BofA Merrill Lynch Global Research. Monthly data from Jan-86 to May-17.

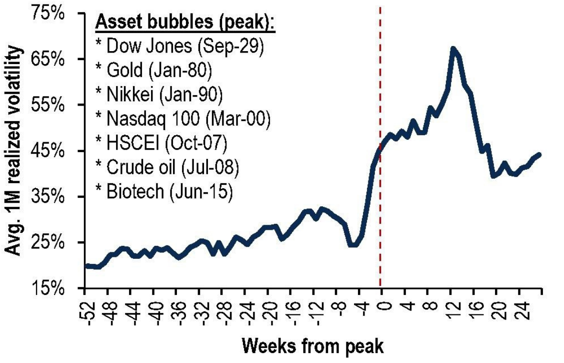
In addition to strong price performance, lofty valuations, and exuberant inflows, asset bubbles also tend to have two other hallmarks, best seen through the derivatives lens: (i) asset volatility rising alongside asset prices (Charts 11 & 12), and (ii) declining correlation as assets closest to the source of the bubble decouple from those farther removed (Chart 11).

Chart 11: During the 2000s Tech Bubble, Tech vol rose with Tech stocks and broader market correlations fell as Tech stocks decoupled from other large caps – both classic signs of an asset bubble



Source: BofA Merrill Lynch Global Research. Daily data from 3-Jan-95 through 31-Dec-03.
SPX correlation = average pairwise realized correlation of all 500 stocks.

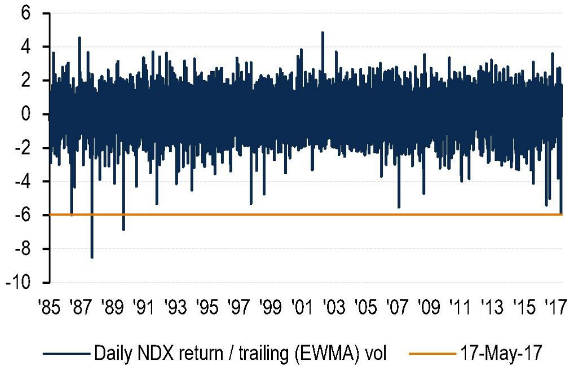
Chart 12: Historically, in major asset bubbles, realized volatility has tended to rise meaningfully not only after the bubble deflates, but also in the run-up to the market peak



Source: BofA Merrill Lynch Global Research.

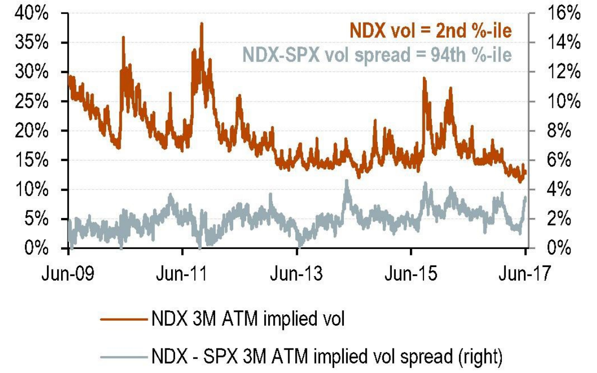
While Nasdaq 100 (NDX) implied volatility has spiked in recent weeks and now trades in the 94th percentile as a spread to S&P 500 (SPX) implied volatility (Chart 14), the absolute level of NDX 3M implied vol remains historically low (2nd percentile since Jun-09). In our view, at least for now, the spread widening is more of a response to the outsized sell-off seen in Tech stocks on 17-May rather than the volatility market trying to price in the onset of another Tech Bubble. Indeed, the -2.5% drop in the NDX on 17-May was a six standard deviation (6σ) event relative to trailing realized volatility (and the fourth worst risk-adjusted daily return since 1985), even more extreme than the 5σ decline experienced by the S&P.

Chart 13: The -2.5% drop in the NDX on 17-May was a six standard deviation (6σ) event relative to trailing realized volatility and the fourth worst risk-adjusted daily return since 1985



Source: BofA Merrill Lynch Global Research. Daily data from 4-Feb-85 through 2-Jun-17.
EWMA = exponentially-weighted moving average realized volatility with lambda = 0.94.

Chart 14: The 6σ sell-off in the NDX on 17-May has helped drive short-dated Tech implied vol higher relative to S&P vol, although the absolute level of Tech vol still remains historically low

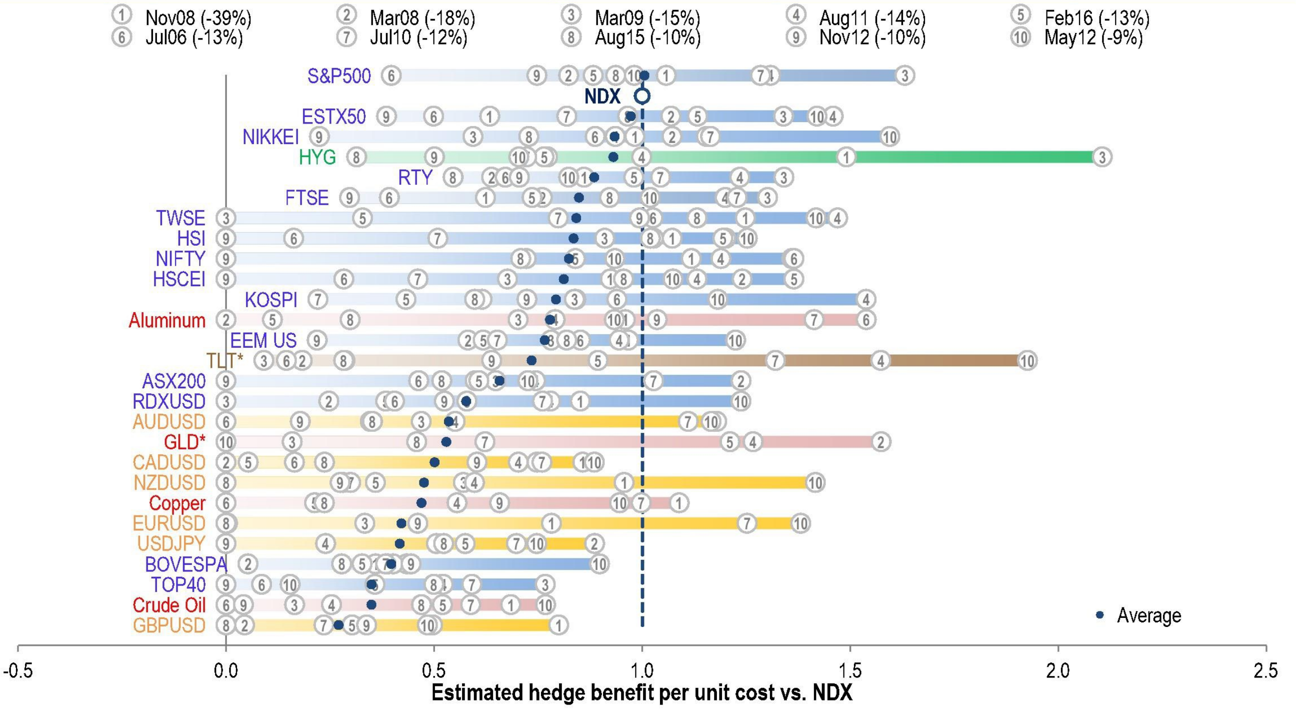


Source: BofA Merrill Lynch Global Research. Daily data from 1-Jun-09 through 2-Jun-17.

Hedge near-term reversal risk via FANG stock replacement or NDX put spreads

As we have previously noted, asset bubbles can be notoriously difficult to trade, as fundamentals give way to chasing higher highs, and derivatives can be a key tool for capturing asset price upside while mitigating reversal risk.

Chart 15: Proxy hedge screen for a Nasdaq 100 (NDX) benchmark suggests NDX is the best hedge for itself, as basis risk runs too high with other assets



Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17. *Call option volatility used.

We continue to like hedging the risk of a US Tech overshoot via stock replacement strategies, for example, stock replacing long "FANG" positions with either cheap calls on the individual FANG stocks or with outperformance calls on FANG vs. S&P.

For those who wish to remain fully invested and/or seek broader index-level hedges for Tech positions, we suggest 3M put spreads on NDX for two reasons: (i) our cross-asset hedging analysis (Chart 15) shows little value in proxy hedging Nasdaq 100 exposure, even with relatively lower vol S&P options, as the basis risk has tended to be too high historically for proxy hedging to be reliably beneficial; and (ii) compared to outright puts, put spreads help limit long exposure to short-dated NDX implied volatility that is low but not cheap (Chart 14).

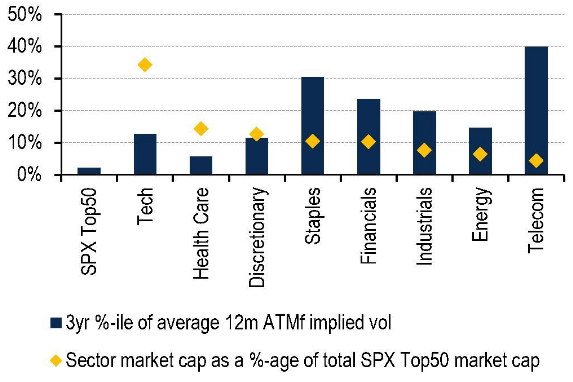
Hedge inflation & deflation of a Tech Bubble via SPX 12M Top50 dispersion

Dispersion strategies can be particularly attractive hedges for asset bubbles as idiosyncratic market moves generate high volatility (to which dispersion is positively correlated) with a limited rise in correlation (to which dispersion is negatively correlated). Importantly, as seen from Chart 11, this can occur both during the run-up to the market peak as well as after the bubble pops. In other words, long vol dispersion strategies can profit from *both* the inflation and deflation of an asset bubble, without requiring an investor to time the top.

With the SPX Top50 largely dominated by Tech stocks (34% of total market cap) and with average longer-dated single stock vol in the basket trading close to 3yr lows (12M SPX Top50 ATMf implied vol is in its 2nd %-ile since Jun-14, Chart 16), we recommend investors go long 12M SPX Top50 dispersion. Chart 18 shows that such a strategy would have recorded its best performance during the formation and subsequent bursting of the dotcom bubble as volatility increased in tandem with falling correlation (see Chart 11).

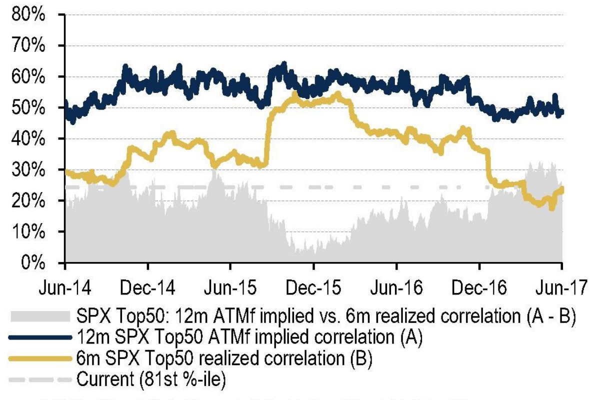
Importantly, while implied correlation continues trading in a new, lower range since the US election, the spread to realized correlation has remained healthy with the SPX Top50 12M implied vs. 6M realized correlation spread in its 81st %-ile over the past 3 years (Chart 17). This makes selling the correlation premium (inherently embedded in long dispersion strategies) attractive vs. history.

Chart 16: Average SPX Top50 single stock 12M ATMf implied vol is depressed vs. history, in part driven by Tech market cap dominating the index and Tech vol the 2nd lowest across sectors on a historical basis



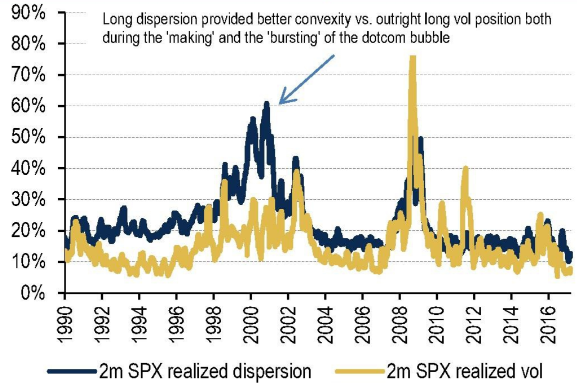
Source: BofA Merrill Lynch Global Research. Daily data from 5-Jun-14 to 5-Jun-17.

Chart 17: Implied to realized correlation spread on the SPX Top50 basket is historically elevated, making selling the correlation premium embedded in long dispersion strategies attractive



Source: BofA Merrill Lynch Global Research. Daily data from 2-Jun-14 to 2-Jun-17.

Chart 18: Long SPX Top50 dispersion strategies performed the best during the dotcom bubble era, providing adequate convexity during both its formation as well as its bursting



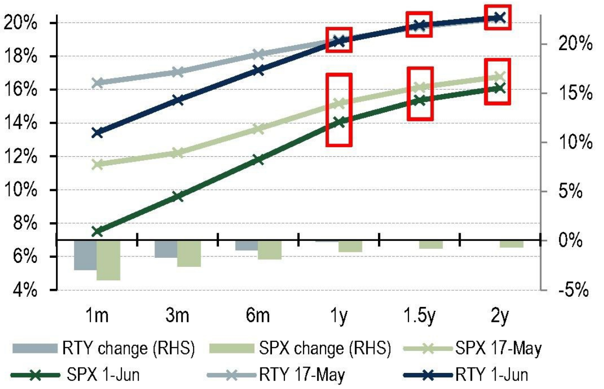
Source: BofA Merrill Lynch Global Research. Daily data from 14-Mar-90 to 2-Jun-17

Notable trends and dislocations (US)

Major US equity indices soar to all-time highs as the low vol regime persists

Friday marked the end of the second full week following the political turmoil on Wed, 17-May. Since then, volatility has once again collapsed (10d realized is at 4.6%) and the S&P 500 term structure of volatility has steepened with the 3m-1m spread trading in the 90th 2y %-ile. Low S&P 500 short-dated vols pushed down the back end of the curve (1y and beyond), while Russell 2000 1y+ vols remained bid (Chart 19). Last week, the VIX printed 2 of its 15 closes below 10 since 1990 (Chart 20). Vol-of-vol remained supported with the VVIX/VIX ratio setting yet another record (8.58) on Friday. All of this happened as SPX, NDX and INDU finished the week at all-time highs.

Chart 19: In the trading sessions following the political turmoil and ensuing volatility spike on 17-May, long-term vols (1y and above) reset lower for SPX but remained bid for RTY



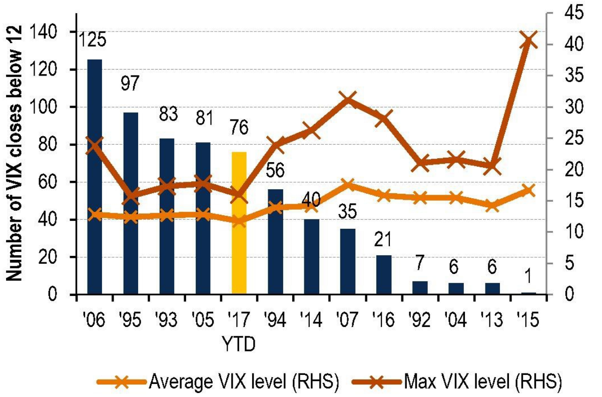
Source: BofA Merrill Lynch Global Research.

The political turmoil on 17-May caused short-term vols to reset higher and the VIX jumped to 15.59 from 10.65 the prior day. Short-term vols in turn moved the back end of the curve higher with e.g. SPX (RTY) 1y vols trading higher by 1.05% (0.79%).

However, the agitation in equity markets was short-lived. The front end of the curve collapsed over the subsequent trading sessions and resulted in a very steep term structure for both indices, similar to what we have become accustomed to over the prior months.

By the end of last week, SPX long term vols (1y and beyond) had moved to virtually the same levels where they traded prior to the vol spike. RTY long-term vols, however, remain bid.

Chart 20: 2017 is already the 5th calmest year for the VIX with 76 YTD closes below 12. Despite the short-lived vol spike on 17-May, the VIX had a very calm month of May, extending into June as it printed 6 out of its 15 historic closes below 10



Source: BofA Merrill Lynch Global Research, Bloomberg. Daily data from Jan-90 to 5-Jun-17.

With only five months of the year behind us, the VIX has already closed below 12 on 76 days. Since 1990, only 4 other years have seen a larger number of trading sessions with the VIX closing below 12.

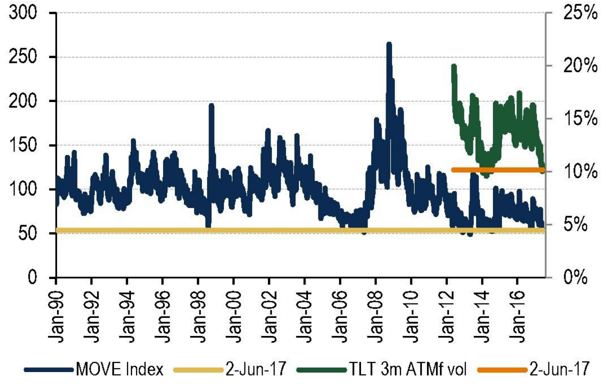
Of the 15 trading sessions in VIX's history since 1990 when the index closed below 10, 6 were between May-17 and Jun-17. The low short-dated implied vol is in part driven by realized vol; 10d is at 4.5%, which is already subdued even for the current low-vol regime (17th %-ile since the US election last November).

Rates vol is near all-time lows and is favorable for positioning for a break-out
Since the US Election last November, the 10y US Treasury rate has fluctuated between 2.17% and 2.63%, constantly being jostled up or down by various economic forces. It is currently trading towards the bottom of that range. Our rates strategists have a year-end target of 2.85% for the 10y rate (just above the median forecast).

Long-term rates have remained low due to uncertainty around Fiscal policy (Trump's plans on infrastructure spending), subdued inflation expectations and a slower than expected Fed hiking cycle. On the other hand, a near full-employment economy, hopes for infrastructure spending, potential for higher inflation driven by energy prices & increased government spending and an accelerated hiking cycle are providing a floor for long-term rates. In the end, uncertainty remains and analysts' estimates for the year-end target vary widely between 1.6% and 3.7% (based on 59 forecasts with median and mean of 2.8%).

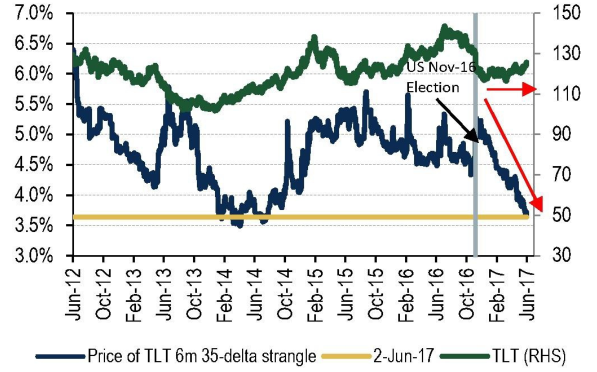
For investors who believe that long-term rates will break out of their range we recommend going long TLT 6m 35-delta strangles. The structure has rarely been cheaper in history (Chart 22) and at present TLT 6m implied vol is 94bps below 6m realized, with the spread at its lowest since Aug-15. A 3m version of the 35-delta strangle prices just as attractively versus its history.

Chart 21: Rates volatility, as measured by the Merrill Option Volatility Estimate index (MOVE) and by TLT (20+ year bond ETF) 3m ATMf vols, are the lowest they have been all year and are very near the all-time lows



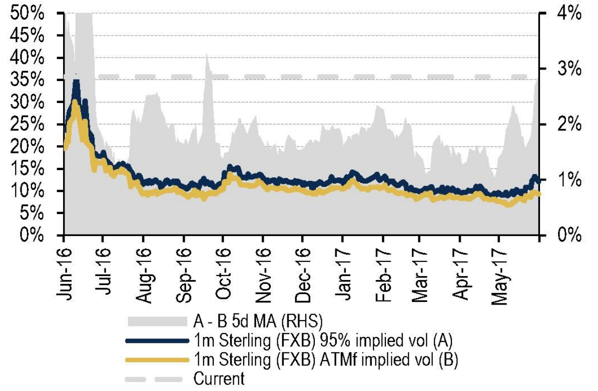
Source: BofA Merrill Lynch Global Research. Daily data from Jan-90 to Jun-17 for MOVE Index and Jun-12 to Jun-17 for TLT vols.

Chart 22: With vol and skew in favor of the structure, the price of a TLT 6m 35d strangle is near all-time lows. Investors can go long the trade to position for a break-out from the range



Source: BofA Merrill Lynch Global Research. Daily data from Jun-12 to Jun-17.

Chart 23: Steep put skew in FXB , the ETF underlying GBP, favors buying downside protection via cheap put spreads against the odds of a hung parliament outcome in the UK general election



Source: BofA Merrill Lynch Global Research. Daily data from 5-Jun-16 to 6-Jun-17.

The UK general election is scheduled to take place on Thu, 8-Jun-17. When the election was called on 18-April, the polls pointed to a landslide victory for the Conservative Party. This boosted the UK's currency as investors assumed that such an outcome would lead to a "smoother" Brexit. Indeed, on that day the Sterling (GBPUSD) recorded its third best daily performance over the past 8 years.

However, while official polls still suggest an outright majority for the Conservative Party, the odds of a hung parliament have increased in recent weeks. As a consequence the boost in the currency after the election was called has slightly faded. With significant further downside room to its recent pre-rally lows and FX markets complacent with prevailing opinion poll data, there clearly could be a significant near-term correction in the sterling if the probability of a hung parliament becomes reality. Hence we favor hedging downside risk in sterling via cheap FXB put spreads to lever steep put skew (3m 95%-ATMf implied vol spread at its 1-yr 90th %-ile).

Table 2: Current S&P500 volatility and correlation measures relative to the prior two year of historical daily data

	1-week change				Over 2-year historical period				
	2 Jun 17	26 May 17	Change	Current ranking	Minimum	25%	Median	75%	Maximum
1-month ATM implied volatility	7.4%	7.6%	-0.2%	0.1%	7.4%	10.0%	11.8%	14.5%	31.8%
1-year ATM implied volatility	13.8%	13.9%	-0.1%	2.5%	13.4%	15.4%	16.2%	17.3%	22.5%
1-week intraday realized volatility	6.2%	6.1%	0.1%	3.7%	5.2%	8.5%	10.7%	14.0%	53.7%
1-year minus 1-month term structure	6.3%	6.3%	0.0%	97.8%	-12.0%	2.7%	4.3%	5.4%	7.0%
3-month 90 minus 110 skew	7.9%	8.7%	-0.8%	4.7%	7.1%	9.5%	11.3%	11.8%	13.8%
1-year top 50 implied correlation	45.42	45.85	-0.44	6.7%	42.03	49.79	54.34	57.14	65.55
3-month top 50 realized correlation	27.75	30.72	-2.97	24.4%	12.57	27.90	37.28	48.45	60.41
VIX 1-month ATMf implied vol	76.5%	75.9%	0.6%	20.4%	61.2%	77.9%	85.0%	95.2%	162.2%
VIX 1-month 110 minus 90 skew	28.4%	28.5%	-0.1%	96.2%	9.3%	18.6%	21.5%	23.8%	30.3%

Source: BofA Merrill Lynch Global Research

Volatility in Europe

Notable trends and dislocations (Europe)

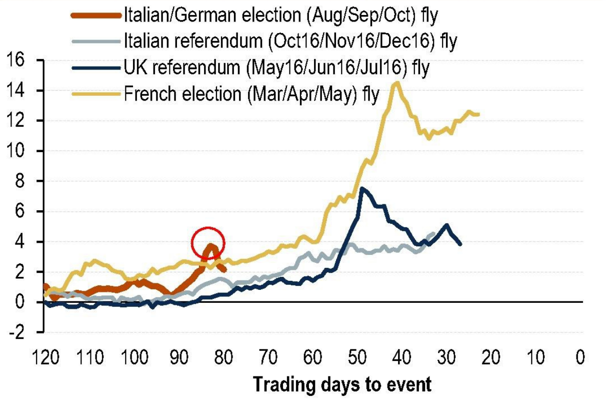
European equities were mostly flat over the week with the notable exception of the DAX which rallied 1.8% led by Bayer (which accounts for almost 10% of the index). In contrast, the Russian RDXUSD dropped by 3.3% as oil prices continued to decline. Short-dated (3M) implied vols dropped to 2y lows on the ESTX50, DAX and CAC which helped push 12M-3M volatility term-structures to 2y highs on all three indices.

- **The short 1xAug / long 2x Sep / short 1x Oct V2X futures fly** jumped to 3.7v on 31-May given speculation around early Italian elections. This is higher than equivalent V2X flies at the same number of days to both the UK referendum and the French elections. The current price is higher than 94% of the values of historical flies 1d before the expiry of the earliest leg, suggesting it has ample room to trade lower should political uncertainty abate by Aug.
- **SX5E 2Y var convexity (var strike vs ATMf vol) has been driven lower** by (A) a decline in the Tail liquidity Risk Premium and (B) volatility skew becoming more linear (i.e., less convex in strike)
- GBPUSD short-dated (1wk) implied has reached its 92nd 4yr percentile ahead of the UK snap election on 8-Jun. It is however still at least 2.7v below the levels witnessed ahead of previous well known political catalysts.
- **DTE GY has run too fast, too quick**: hedge a potential reversal using a Sep17 collar (+17put/-18 call) for 46bps to hedge losses greater than 2.9% while retaining upside to 18 (near 15yr high of 18.05) by the Sep expiry
- **Equity vs credit: Enel stock attractive vs CDS given cheap bullish risky & high div yield vs CDS:** Among 50 companies which have high dividend yields relative to bond yields (as highlighted by BofAML credit and equity strategists), we note that Enel's projected 12m div yield is higher than its CDS and the price of 3M bullish risk reversals are cheap (vs other names and vs a 5-year history).

ESTX50 Sep/Oct fwd vol rose as early Italian elections are (slightly) more likely

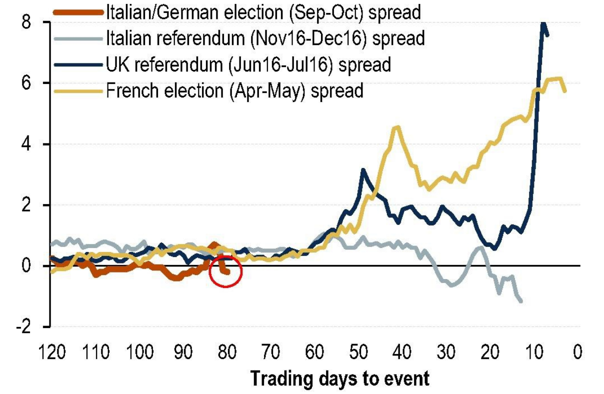
According to our economists, the agreement reached between major Italian parties on a German-style proportional electoral law has made early elections more likely. They note that the Italian press cite possible early election dates between 10-Sep and 22-Oct, i.e., almost entirely within the V2X Sep future's volatility bucket (which also encompasses German elections). This may in part be why the short 1xAug / long 2x Sep / short 1x Oct V2X futures fly jumped to 3.7v on 31-May, which is higher than equivalent flies ahead of both the UK referendum and recently concluded French elections (Chart 24). However, our economists view an early vote within September as technically difficult.

Chart 24: The V2X Aug17/Sep17/Oct17 futures fly reached 3.7v on 31-May. This is higher than equivalent flies at the same number of days before both the UK referendum and recently concluded French elections



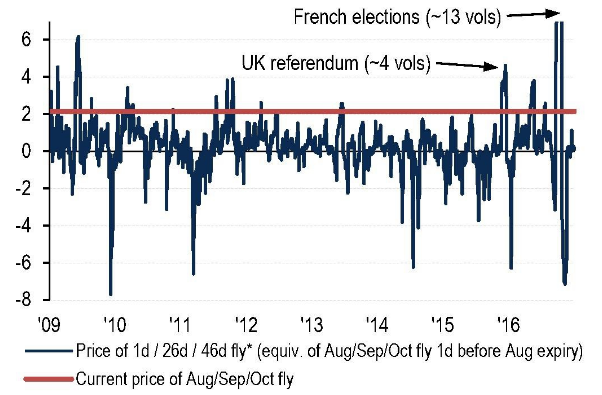
Source: BofA Merrill Lynch Global Research. Data: 8-Jan-16 to 5-Jun-17.

Chart 25: The V2X Sep17-Oct17 spread is actually significantly lower than the equivalent UK referendum and French election spreads, suggesting the majority of excess volatility is being priced in SX5E Sep/Oct fwd vol



Source: BofA Merrill Lynch Global Research. Data: 8-Jan-16 to 5-Jun-17.

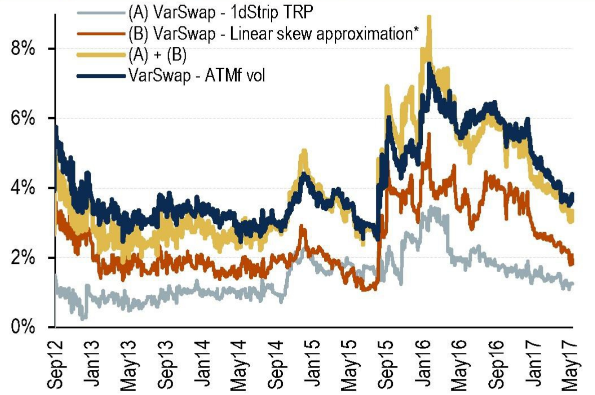
Chart 26: The current price of the V2X Aug/Sep/Oct fly would have overestimated the value of a 1d/26d/46d fly (i.e., equivalent to the Aug/Sep/Oct fly 1d before the Aug expiry) 94% of the time since Jun-09



Source: BofA Merrill Lynch Global Research. Data: 2-Jun-16 to 1-Jun-17. *Using constant maturity futures.

The current price of the V2X Aug/Sep/Oct fly would have overestimated the value of a 1d/26d/46d fly (i.e., equivalent tenor to the Aug/Sep/Oct fly 1d before the Aug expiry) 94% of the time since Jun-09. This suggests it has ample room to trade lower should political uncertainty abate by Aug. However, if instead implied risk becomes more concentrated in the 20-Sep to 20-Oct period ahead of the Aug expiry (due to, say, political developments in Italy or Germany increasing risk perception), the fly would stand to gain considerably.

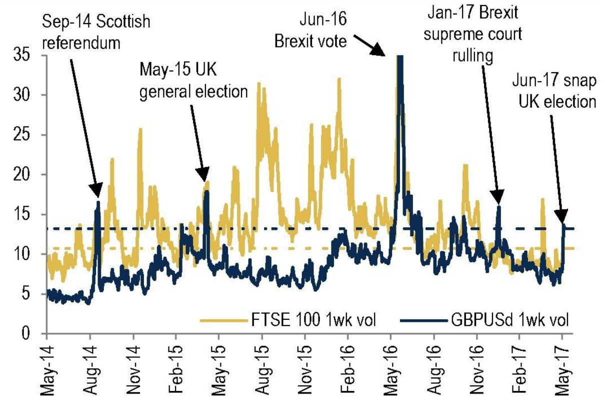
Chart 27: SX5E 2Y var convexity (var strike vs. ATMf vol) has been driven lower by (A) a decline in the Tail liquidity Risk Premium and (B) volatility skew becoming more linear (i.e., less convex in strike)



Source: BofA Merrill Lynch Global Research. Data: 21-Sep-16 to 31-May-17. *Linear approximation of variance strike = ATMf vol squared x (1 + 3 x T x skew squared), where T is time to maturity and skew = [implied vol at strike 90 – implied vol at strike 100] / [90 – 100]. For more details see Derman's 1999 paper: More than you ever wanted to know about volatility swaps.

We recently noted that ESTX50 long-dated (2Y) variance convexity (var strike vs. ATMf vol) had declined considerably in recent months. This has been driven by (A) a decline in the Tail liquidity Risk Premium (as defined in our piece More to variance swaps than meets the eye) and (B) volatility skew becoming more linear (i.e., 80-90 skew being similar to 90-100 skew). Both these components of variance convexity suggest that long-dated ESTX50 tails (e.g., VarSwaps or far OTM puts) are historically cheap vs. ATMf vol.

Chart 28: GBPUSD short-dated (1wk) implied has reached its 92nd 4yr percentile ahead of the UK snap election on 8-Jun. It is, however, still at least 2.7v below the levels witnessed ahead of previous known events.



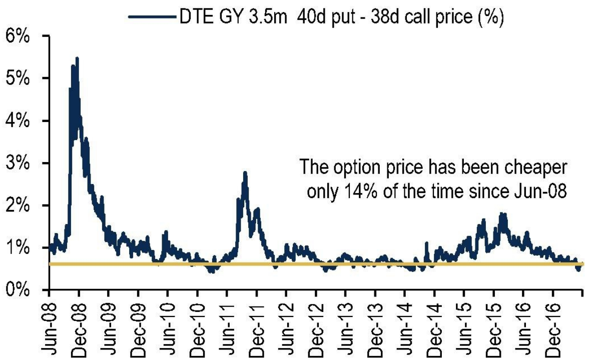
Source: BofA Merrill Lynch Global Research. Data from 5-Jun-13 to 5-Jun-17

With the UK parliamentary elections less than one week away, short-dated (1wk) implied vols on both the FTSE and GBPUSD appear more elevated vs. history, compared to last week. GBPUSD 1wk ATM vol is exhibiting some concern as it is trading in its 92nd 4yr percentile. It is, however, still at least 2.7v lower than the same measure ahead of previous known political events. In contrast, FTSE 1wk ATMf implied vol is still well below 4yr median levels.

Deutsche Tel has run too fast too quickly; hedge using a Sep17 +17P/-18C collar

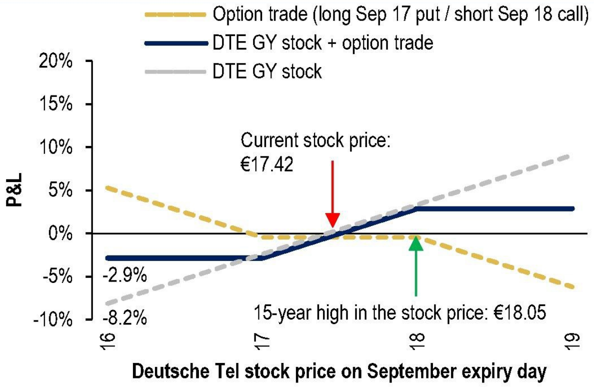
BofAML equity telecom analysts have reiterated their recommendation to be cautious on Deutsche Tel as the company may face regulatory hurdles in their T-Mobile merger. Given the stock has outperformed European telcos (SXKP) by 15.1% over the past 1 year, investors who own the stock should consider hedging downside with a long DTE GY Sep17 17 put, short DTE GY Sep17 18 call for 0.46%, in our view. Indeed, spending 0.46% to protect gains is attractive as the price of the structure has rarely been cheaper (only 14% of the time since Jun-08, Chart 29). Moreover, Chart 30 illustrates that this structure enables stock owners to protect from losses greater than 2.1% while retaining 3.6% upside potential if the stock rises to 18 (near its 15-year high) by the Sep expiry.

Chart 29: DTE GY 3.5month +40delta put /-38 delta call collars (equivalent to Sep17 +17 put /-18 call) are cheap relative to history



Source: BofA Merrill Lynch Global Research. Daily data from 2-Jun-08 to 5-Jun-17.

Chart 30: DTE collars enable stock owners to protect against losses >2.9% while retaining upside to the stock's ~15yr high (€18.05)



Source: BofA Merrill Lynch Global Research. Data as of 5-Jun-17

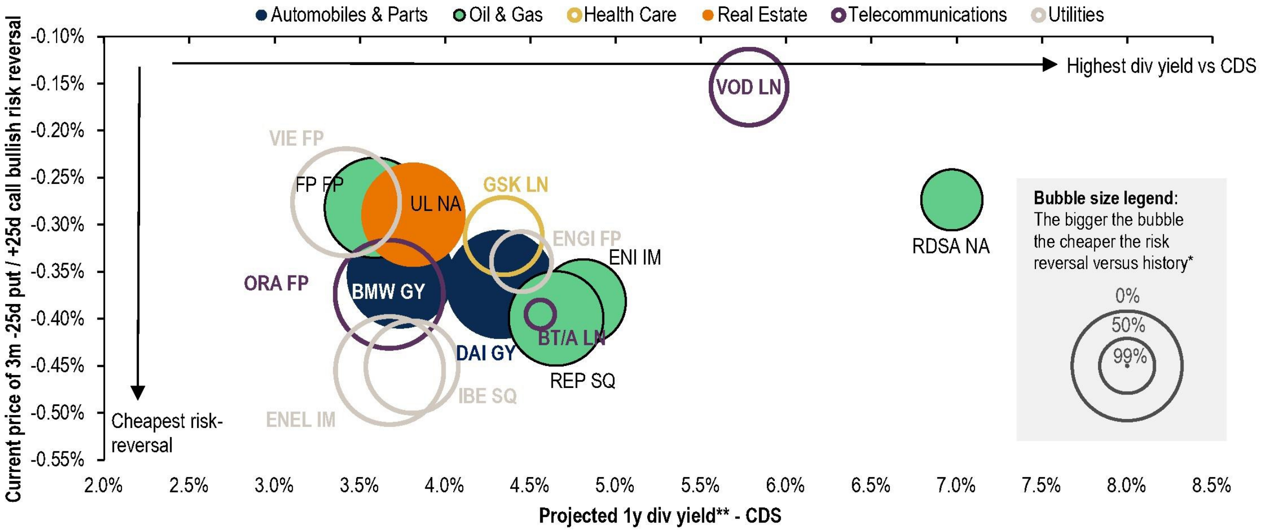
Enel stock attractive vs credit given cheap bullish risky & high div yield vs CDS

On 31-May-17, we recommended buying SX5E bullish risk reversals and selling IBOXX HY TRS as a low carry / low risk trade with gearing to improving earnings and FCF. We now look for similar opportunities at the single name level. Among the 50 companies which have high projected 12m dividend yield relative to bond yields (as highlighted by BofAML credit and equity strategists – Chart 9), we highlight a subset (15 names) where we have option data since at least Jun-12 (last 5yrs). The names in the bottom-right corner of Chart 31 indicate the cheapest 3m -25d put/+25delta call risk-reversals where projected dividend yield is highest relative to the CDS spread. We note that:

- **Royal Dutch Shell's stock yield is attractive vs CDS:** Shell's projected 12m div yield is 7.5% while its CDS is 52bps (0.5%), resulting in a div yield-CDS spread of 7.0%, the highest in our screen; this suggests value in Shell equity vs credit.

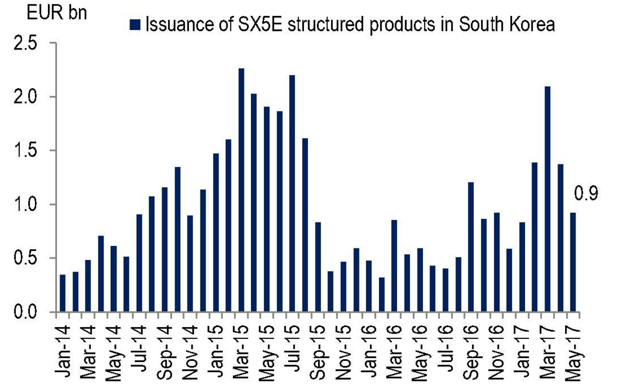
- **Cheap bullish risk reversals in Enel and Iberdrola:** 3m -25delta put/+25delta call risk reversals in Enel and Iberdrola are the lowest across the 15 names in Chart 31. Notably, bullish risk reversals in Enel are also particularly cheap versus history as the price of 3m -95%f / +105%f bullish risk reversals is below its 5th 5-y %-ile.

Chart 31: Among the 50 names highlighted by BofAML equity & credit strategists, the 15 below have liquid options. Notably, Shell equity shows best value vs CDS (highest div yield - CDS). Enel risk reversals price lowest across names & vs history *(large bubble size denotes low %-ile of risk reversal price vs 5y history)*



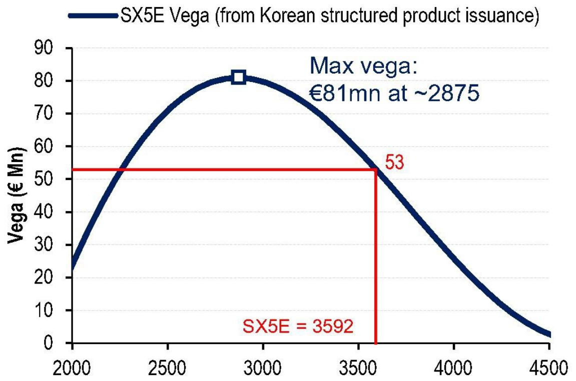
Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17. *5-yr percentile of 3m 95%f-105%f bullish risk-reversals. **Projected dividend yield = implied 12m dividends/current stock price, where implied 12m dividends are derived from mid-single stock dividend swap pricing.. This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions

Chart 32: Korean-issued SX5E-linked structured products in May17 fell to €0.9bn from €1.3bn in Apr17



Source: BofA Merrill Lynch Global Research. Monthly Korean structured product issuance data from Jan-14 to May-17

Chart 33: We estimate current vega outstanding from Korean-issued SX5E-linked structured products sums up to €53mn vega and would peak at €81mn vega should the SX5E fall to 2875 (all else equal)

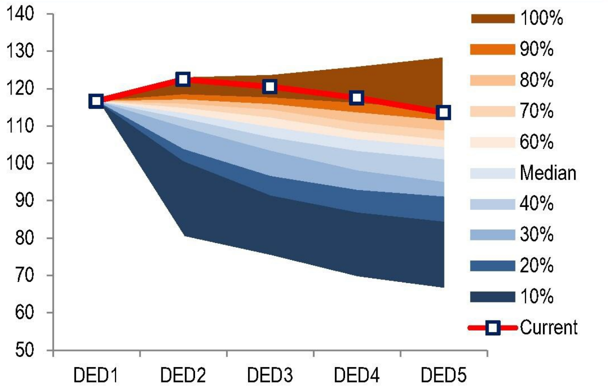


Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17.

SX5E Dec18 div futures are high relative to Dec17 and BofAML div forecasts

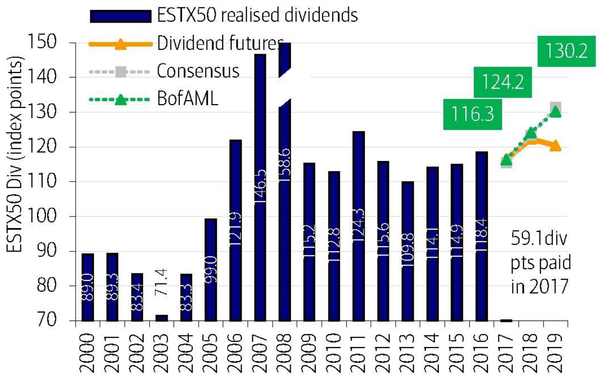
SX5E Dec18 dividend futures are trading at €122.4 (6.8% higher than Dec17 dividend futures), which is unusually high relative to history. Indeed, Chart 34 highlights that the second DED future (currently Dec18) is at its highest level in 8 years relative to the first (currently Dec17). Moreover, Dec18 div futures are trading only 1.5% below BofAML fundamental bottom-up forecasts of 124.2 for 2018, suggesting low upside potential if BofAML forecasts materialise (Chart 35).

Chart 34: The SX5E DED2 future (currently SX5E Dec18 div future) is the highest in 9-years relative to DED1



Source: BofA Merrill Lynch Global Research. Data from 5-Jun-09 to 5-Jun-17. Historical values of DED1 are fixed at its current level of 116.6 and historical levels of DED2, DED3, DED4 and DED5 are re-scaled using historical their historical ratios to DED1 (DED2/DED1, DED3/DED1, DED4/DED1 and DED5/DED1) as a multiplying factor.

Chart 35: The DED2 div future (122.4) is not heavily discounted vs BofAML fundamental bottom-up forecasts (only 1.5% upside potential versus forecasts)



Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17

Table 3: Volatility measures of major equity indices in the EMEA region (data as of 02-Jun-17)

	3Mth ATM implied volatility			10D realised volatility			12Mth–3Mth ATM i-vol spread			3Mth 90-110 skew			Equity index
	Current	Weekly change	2Yr percentile	Current	Weekly change	2Yr percentile	Current	Weekly change	2Yr percentile	Current	Weekly change	2Yr percentile	Weekly return
ESTX50	13.0%	-0.4%	0%	6.1%	-3.9%	3%	3.6%	0.4%	100%	7.1%	-0.4%	18%	0.4%
FTSE	10.6%	0.4%	4%	4.2%	-3.6%	3%	2.8%	-0.1%	87%	5.3%	-0.4%	2%	0.0%
DAX	12.2%	-0.7%	0%	7.1%	-0.8%	8%	3.8%	0.4%	100%	7.1%	-0.6%	22%	1.8%
CAC	12.9%	-0.3%	0%	6.1%	-3.9%	3%	2.7%	0.3%	100%	7.2%	0.2%	18%	0.1%
SMI	11.5%	0.1%	4%	6.5%	-4.6%	6%	2.1%	0.0%	94%	6.2%	-0.1%	19%	0.0%
RDXUSD	24.7%	1.2%	14%	21.7%	-7.3%	35%	1.4%	-1.0%	80%	4.8%	0.1%	19%	-3.3%
TOP40	15.1%	1.0%	5%	9.3%	3.9%	9%	2.3%	-0.4%	65%	7.2%	0.5%	15%	-2.1%
ISE30	19.6%	-0.2%	1%	12.9%	0.6%	16%	3.5%	-0.1%	86%	6.7%	-0.1%	64%	1.4%

Source: BofA Merrill Lynch Global Research

European volatility: Sector snapshot

Table 4: Volatility measures and indicative option prices for major European sector indices (data as of 02-Jun-17)

Bearish <<<< -- >>>> Bullish

	3Mth ATMf implied volatility			Real vol*	3Mth 95%-85% put spread**				3Mth 100%-110% call spread**				3Mth 90%-110% risk reversal**			Equity index
	Current	Weekly change	2Yr %-ile	Current	Current price (% of spot)	Weekly change (bps)	2Yr %-ile	Max payout ratio	Current price (% of spot)	Weekly change (bps)	2Yr %-ile	Max payout ratio	Current price*** (% of spot)	Weekly change (bps)	2Yr %-ile	Weekly return
SX3P (Fd&Bv)	10.5%	-0.2%	1%	8.5%	0.6%	-3	1%	17.1	2.0%	-4	1%	4.9	-0.2%	2	85%	0.6%
SX6P (Utils)	11.7%	-0.2%	1%	10.4%	0.7%	-1	1%	13.8	2.3%	-3	2%	4.4	-0.3%	1	100%	-0.2%
SX7E (Banks)	23.0%	0.9%	3%	20.9%	1.9%	8	4%	5.3	3.6%	12	13%	2.8	-0.5%	-7	40%	-3.1%
SX7P (Banks)	19.8%	1.2%	12%	14.0%	1.6%	11	13%	6.4	3.3%	15	17%	3.0	-0.5%	-8	60%	-2.1%
SXAP (Auto)	17.3%	-0.2%	2%	13.5%	1.3%	-1	2%	7.4	3.1%	-1	2%	3.2	-0.4%	0	54%	0.9%
SXDP (Health)	13.1%	-0.6%	2%	8.6%	0.9%	-7	2%	11.5	2.4%	-14	2%	4.1	-0.2%	10	82%	1.6%
SXEP (Oil&Gas)	15.4%	-0.2%	1%	12.5%	1.2%	-1	2%	8.5	2.8%	-1	1%	3.6	-0.3%	-1	94%	-2.2%
SXIP (Insur)	15.1%	-0.3%	2%	8.6%	1.1%	-2	3%	9.0	2.8%	-3	6%	3.5	-0.5%	-3	64%	0.8%
SXKP (Telecom)	14.9%	-2.0%	1%	11.5%	1.1%	-21	1%	9.4	2.7%	-20	1%	3.7	-0.2%	2	98%	-1.0%
SXNP (Indust)	16.1%	-0.1%	6%	9.1%	1.2%	0	14%	8.3	2.8%	-1	6%	3.6	0.0%	2	100%	1.5%
SXPP (Basic)	25.1%	-0.4%	5%	18.5%	2.1%	-3	6%	4.8	3.6%	-1	9%	2.8	-0.2%	-2	58%	-1.4%
SXQP (Prsnl&HH Gds)	13.9%	3.2%	22%	6.4%	0.9%	34	21%	11.2	2.6%	53	25%	3.8	-0.5%	-24	41%	0.7%
SXRP (Retail)	12.7%	0.1%	7%	7.8%	0.8%	1	5%	13.2	2.3%	3	6%	4.4	0.1%	-3	96%	-0.4%
SXTP (Trvl&Lsre)	13.7%	-1.3%	6%	8.5%	0.9%	-18	6%	10.8	2.6%	-14	6%	3.9	-0.2%	-4	55%	1.9%

Source: BofA Merrill Lynch Global Research *Real vol = EWMA (Exponentially Weighted Moving Average) volatility, which measures historical price volatility but assigns greater importance to recent returns. Sigma(t)^2 = 0.94*Sigma(t-1)^2+(1-0.94)*r(t)^2, where r(t) is the return on day t. **Indicative mid prices; strikes as % of forward ***Negative values indicate that the bullish risk reversal takes in a credit.

Volatility in Asia

Use best-of puts to cheaply hedge a reversal in the rally

BofAML global strategists note that the massive central bank liquidity supernova has allowed the Wall Street bull to flare higher, led by uber "growth" (EM internet stock returns annualizing 125%). In light of this, we feel that it is prudent that investors protect gains as we think today's low volatility environment remains highly fragile, characterized by the below stats:

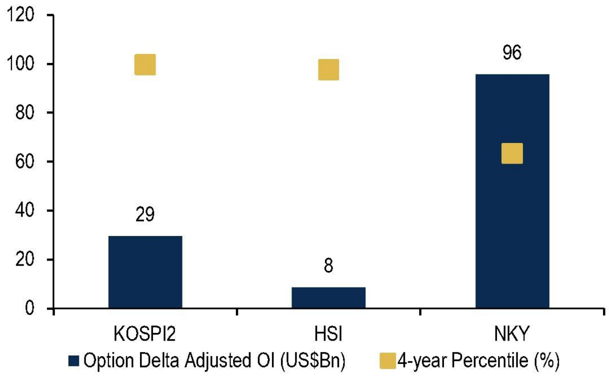
- The MSCI Asia Pac index is up for the 5th consecutive month and is trading at multi-year highs, while equity foreign inflows year-to-date are at the highest since 2004.
- Option delta-adjusted open interest for KOSPI2 and HSI are near a 4-year highs.
- The BofAML global Risk-Love investor sentiment measure is in euphoria, and China's nominal GDP is likely peaking. The Asian/EM EPS upgrade cycle is likely rolling over.

Volatility of equity indices remains at post-GFC lows while markets continue to trend higher. If the market were to realize a correction, we believe that indices would be highly correlated, and hence we recommend buying a 14-Sep-2017 95% strike best-of put on NKY/KOSPI2/HSI that costs 0.8%, a 45% discount to average vanilla puts.

Indicative pricing (As of 5-Jun-17, ref: NKY: 20170, KOSPI2: 307.33, HSI: 25874)

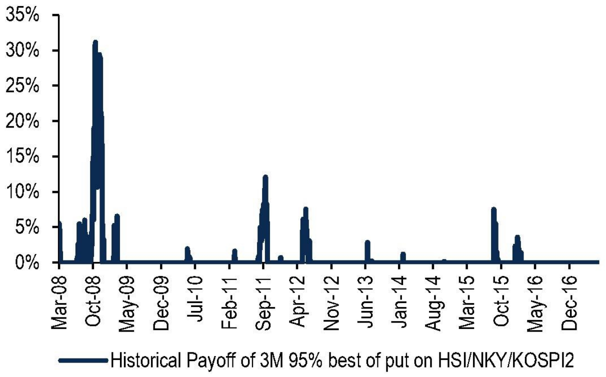
Buy a 14-Sep-2017 best-of 95% put on NKY/KOSPI2/HSI: 0.80%

Chart 36: Option positioning on KOSPI2 and HSI is near a 4-year high



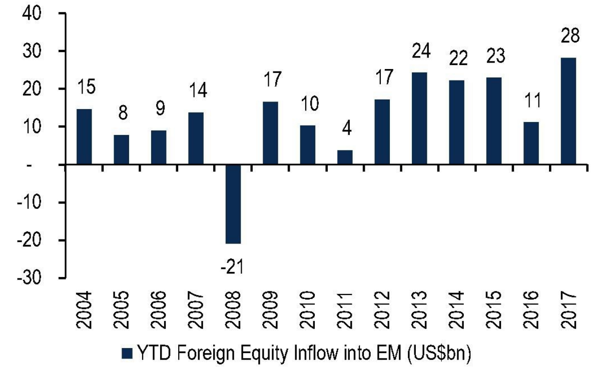
Source: BofA Merrill Lynch Global Research Data as of 2-Jun-17

Chart 37: The 3-month 95% best of put on HSI/NKY/KOSPI2 has significantly paid off during market corrections when correlation rose



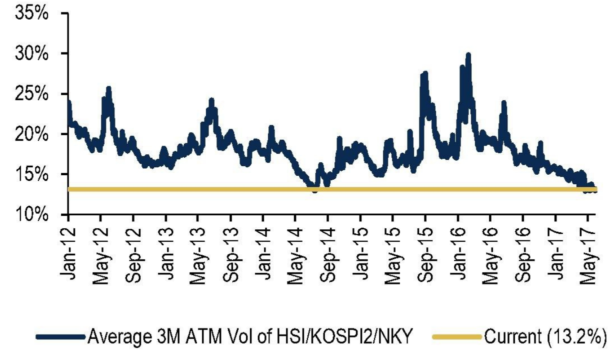
Source: BofA Merrill Lynch Global Research

Chart 38: YTD equity inflows into EM Asia are at the highest levels since 2004



Source: BofA Merrill Lynch Global Research, Bloomberg. Data as of 2-Jun-17
Foreign inflows into Korea, Taiwan, India, Indonesia, the Philippines, and Malaysia

Chart 39: Similar to that of global markets, Asian volatility is at its most depressed levels post-GFC



Source: BofA Merrill Lynch Global Research. Data from 2-Jan-12 to 2-Jun-17

Notable trends and dislocations (Asia)

Asian equity markets saw modest gains last week, led by Japan's NKY index, which increased 2.5% week-over-week. In fact, the index breached the 20,000 mark last Friday for the first time since December 2015. Gains were driven by foreign inflows from investors attracted to very strong corporate profits. Additionally, economic data from last week indicated that Japan's unemployment rate held at a two-decade low, and capital spending during Q1 beat analyst estimates. The biggest contributor to last weeks' return was Fast Retailing Co Ltd (9983 JT), which added 3.9% week-over-week. The company reported that same-store-sales for its Uniqlo stores rose 2.4% year-over-year in May due to successful strategies during the Golden Week and Mother's Day holidays. After the NKY, last week's second biggest gainer was Hong Kong's HSI, which added 1.1%. The leading name in the index was Geely Automobile Holdings (175 HK), which jumped 19.8% week-over-week in response to optimism over its recent acquisition of a 49.9% stake in Proton Holdings. Hong Kong's HSCEI saw a similar return as the index added 0.8% last week.

Next we turn to India, where the NIFTY gained 0.6% last week. The leading name in the index was Aurobindo Pharma (ARBP IS), which increased 11.4% week-over-week in response to an investor presentation which outlined the company's plans to increase collaboration across its global customer business. Elsewhere in Asia, Korea's KOSPI increased 0.3% week-over-week, Australia's ASX added 0.6%, and Taiwan's TWSE gained 0.5%.

Asian term structures were unchanged week-over-week at 3.8% on average

- Asian 3m ATM volatility increased on average 0.1 vol point to 12.6% last week, while 10 day realized vol fell on average 0.8 vol points to 8.6%. Notably, NIFTY's implied vol increased 0.7 vol points, the biggest increase in the region. On the other hand, the HSCEI's 10d realized vol saw the largest drop in the region, falling 5.1 vol points week-over-week to 9.2%.

- On average, term structures among Asian indices remained unchanged at 3.8% last week. The KOSPI 12M-1M term structure steepened the most, increasing 0.7 vol points to 2.9%. On the other hand, India's NIFTY saw the largest flattening as its term structure flattened 0.5 vol point to 3.8%.

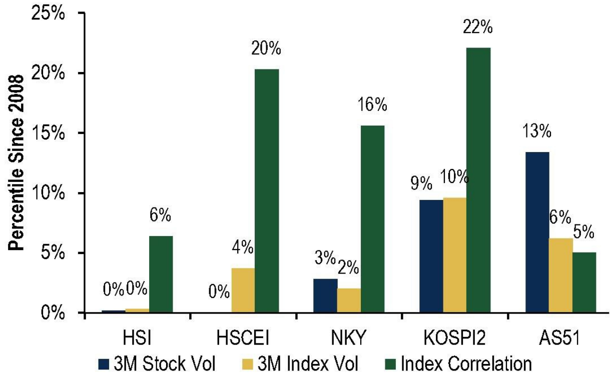
- Asian 3M 90-110% skews narrowed 0.2 vol points on average to 3.0%. Japan's NKY narrowed the most, decreasing 1.0 vol point to 5.0%.

Chart 40: Volatility measures of major Asian indices (data as of 02-Jun-17)

	3Mth ATM Implied Volatility			10D Realized Volatility			12Mth-1Mth ATM Vol Spread			3Mth 90-110 Skew Spread			Equity Market
	Current	Weekly change	4Yr percentile	Current	Weekly change	4Yr percentile	Current	Weekly change	4Yr percentile	Current	Weekly change	4Yr percentile	Weekly return
HSI	12.4%	0.3%	1.4%	5.4%	-2.4%	0.3%	5.1%	0.4%	99.1%	2.3%	-0.4%	19.9%	1.1%
HSCEI	15.7%	0.3%	1.8%	9.2%	-5.1%	1.6%	4.3%	0.2%	93.6%	0.4%	0.0%	20.4%	0.8%
NKY	14.2%	-0.2%	0.3%	10.7%	1.0%	13.4%	4.2%	-0.4%	93.8%	5.0%	-1.0%	59.4%	2.5%
KOSPI 200	12.8%	-0.3%	34.5%	9.8%	2.6%	36.9%	2.9%	0.7%	44.8%	3.0%	0.2%	15.8%	0.3%
ASX 200	11.5%	-0.1%	12.8%	8.5%	-0.7%	20.5%	3.5%	0.3%	86.5%	6.3%	-0.2%	20.1%	0.6%
NIFTY	10.5%	0.7%	0.7%	9.7%	-2.2%	18.9%	3.8%	-0.5%	74.0%	5.5%	0.1%	53.0%	0.6%
TWSE	10.7%	0.3%	8.2%	7.2%	1.5%	14.1%	2.9%	-0.4%	72.6%	-1.5%	-0.1%	0.0%	0.5%

Source: BofA Merrill Lynch Global Research

Chart 41: Index correlation is generally further away from their 10-year lows while index and stock vols are near their lows, except for ASX200



Source: BofA Merrill Lynch Global Research

Except for the ASX200, Asian stock and index vols are more depressed than index correlation

Today's ultra-low Asian index realized volatility is largely driven by depressed single stock realized volatility and low realized correlation. Stock and index volatilities are generally more depressed than index correlation. For instance, the KOSPI2 3-month realized correlation (0.13) is the highest relative to its history (at its 22nd percentile since 2008) as foreign inflows have pushed the index to an all-time high and have driven correlation up. Korean market activities used to be dominated by domestic sector rotation trades.

On the other hand, ASX200 correlation is relatively depressed as the correlation between the banks and materials sectors has broken down in recent months.

US$3.6bn Korean auto-callable issuance in May-17, down 21% MoM

- Korean issuance fell 21% MoM to US$3.6bn in May-17, which is close to the average monthly issuance of US$3.8bn since 2014. Products issued in Oct-16 (US$3.1bn) and Nov-2016 (US$3.4bn) have knocked out recently and rolled into new products. However, the legacy HSCEI-linked products issued in May-15 were struck at a very high HSCEI spot level and were not able to knock-out this month. We think issuance may pick up in July and August as ~US$4.0bn of legacy products may knock-out in Jul-17 with an average HSCEI knock-out level of 9665 (Chart 43).

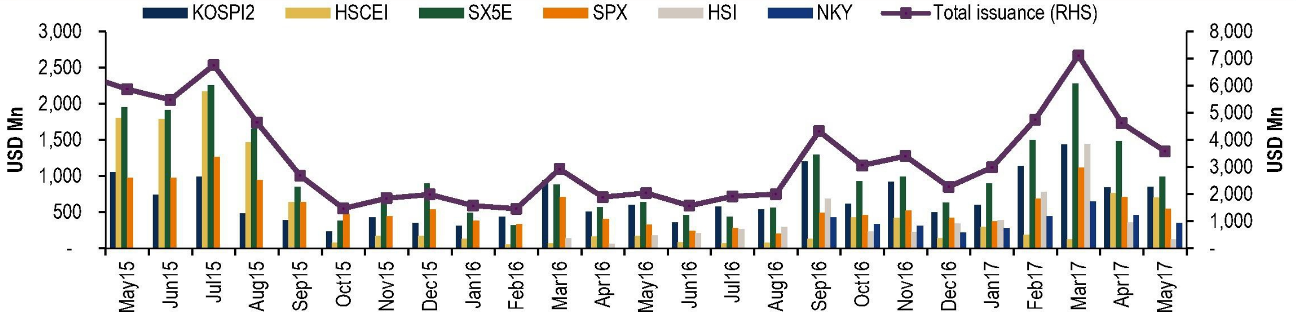
- Issuance in KOSPI2-linked products (up from US$840mn to US$846mn) remained steady in May-17; HSI-linked products fell 66% from US$360mn to US$120mn as investors prefered HSCEI-linked products (which only fell from US$760mn to US$700mn).

- SX5E-linked (US$1.0bn), KOSPI2-linked (US$846mn), HSCEI-linked (US$700mn), and SPX-linked products (US$550mn) accounted for 86% of the May-17 issuance. We estimate that structured product issuers are currently long US$10mn of KOSPI2 vega and US$89mn HSCEI vega respectively. The majority of the US$89mn HSCEI outstanding vega came from the US$14bn of HSCEI-linked legacy products issued between Apr-15 and Jul-15 that have not knocked-out.

NKY Uridashi monthly issuance slightly picked-up in May-17

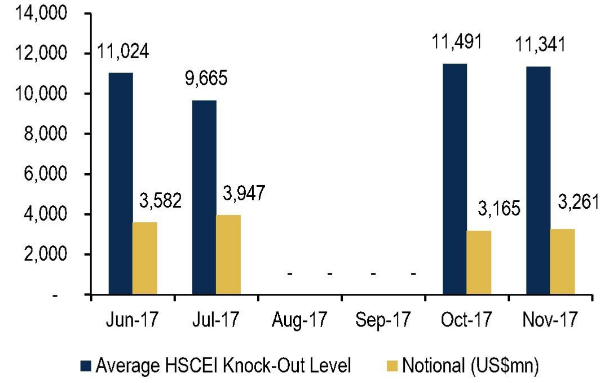
With NKY breaking above 19,500 in May and triggering some early knock-outs, Japanese Uridashi issuance picked up towards the end of May to US$630mn. We estimate there is now around US$7.9bn (vs. $8.1bn last month) in product outstanding and over 50% of it will be knocked out if the NKY rallies above 20,500. We estimate issuers are currently long US$44mn vega in NKY. The peak of the vega profile is around the 17,500 level and we expect issuers to lose US$2mn of vega for every 1% rally in the NKY.

Chart 42: Korean auto-callable issuance fell 21% to US$3.6bn in May-17; Issuance in KOSPI2-linked products (rose from US$840mn to US$846mn) remained steady; HSI-linked products fell 66% from US$360mn to US$120mn as investors prefered HSCEI-linked products (which only fell from US$760mn to US$700mn)



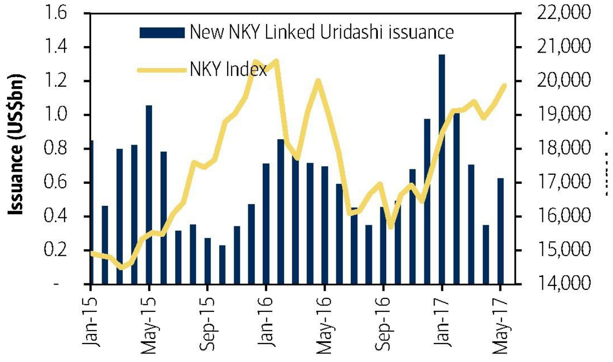
Source: BofA Merrill Lynch Global Research. From May-15 to May-17

Chart 43: Knock-out schedule for legacy HSCEI-linked products issued in 2015; we expect more knock-outs in Jul-17 if HSCEI stays above 9,600



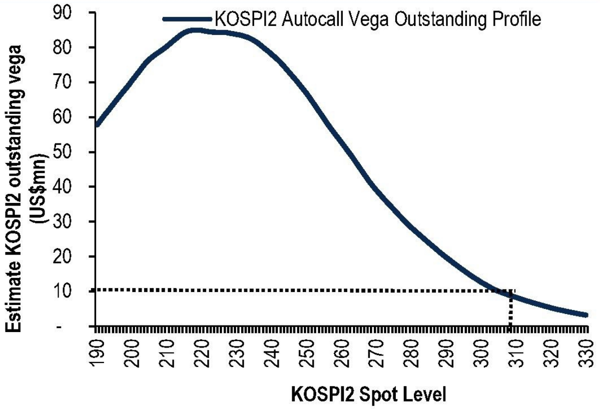
Source: BofA Merrill Lynch Global Research. Data as of 2-Jun-17

Chart 44: In May-17, there was $630mn of Uridashi products issued which were NKY linked



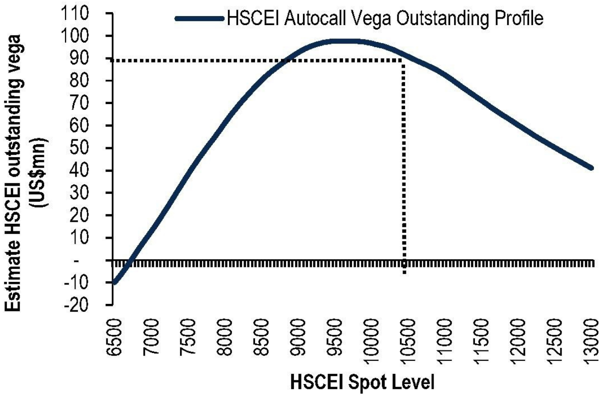
Source: BofA Merrill Lynch Global Research. Monthly data from Jan-15 through May-17

Chart 45: We estimate that structured product issuers are currently long US$10mn of KOSPI2 vega



Source: BofA Merrill Lynch Global Research.

Chart 46: Structured product issuers are currently long ~US$89mn of HSCEI vega

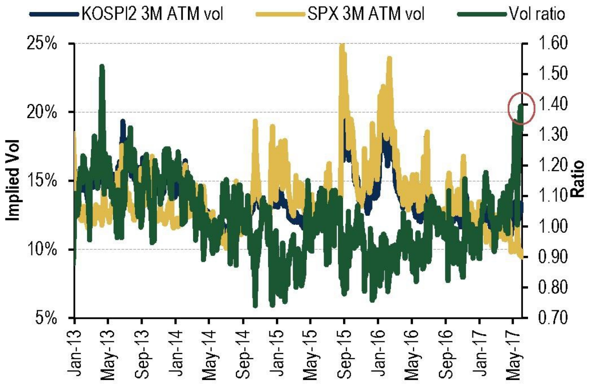


Source: BofA Merrill Lynch Global Research.

KOSPI2 3M ATM IV over SPX is at its 4-year high

Table5 lists Asian index pairs with the highest IV ratio vs their 4-year histories. For instance, the ratio of KOSPI2 3M ATM IV over SPX is at its 4-year high.

Chart 47: The ratio of KOSPI2 3M ATM IV over SPX is at its 4-yr high (Daily data from 1-Oct-12 through 02-Jun-17)



Source: BofA Merrill Lynch Global Research

Table 5: Index pairs^ with the highest implied vol ratio vs their histories (data as of 02-Jun-17)

	Index A (Implied vol)	Index B (Implied Vol)	A/B Implied Vol ratio	Ratio 4-yr percentile
3M ATM	KOSPI2 (12.8%)	SPX (9.4%)	1.36	100%
6M ATM	KOSPI2 (13.6%)	NIFTY (11.8%)	1.16	99%
12M ATM	KOSPI2 (14.8%)	NIFTY (13.8%)	1.07	99%
3M 25d-Put	KOSPI2 (13.6%)	HSCEI (16.4%)	0.83	99%
6M 25d-Put	KOSPI2 (14.7%)	NIFTY (12.5%)	1.17	99%
12M 25d-Put	KOSPI2 (16.0%)	NIFTY (14.4%)	1.11	99%
3M 25d-Call	KOSPI2 (12.6%)	SX5E (11.6%)	1.09	100%
6M 25d-Call	KOSPI2 (13.4%)	NIFTY (10.8%)	1.25	100%
12M 25d-Call	KOSPI2 (14.6%)	NIFTY (12.0%)	1.21	100%

Source: BofA Merrill Lynch Global Research

^ Index universe includes the ASX200, HSCEI, HSI, KOSPI2, NIFTY, NKY, TWSE, SPX and SX5E

* mid level implied vol

Summary of Open Trades (5-Jun-17)

Price data for open level reflects the price on open date and does not necessarily reflect the price at which the trade could be executed at the date of this report. Our trades are structured to be executed on the open date and are not necessarily appropriate to execute as formulated beyond that date.

Table 6: Summary of open trades as of 5-Jun-17

Trade Description	Open Date	Open Level	Expected Trade Term	Rationale
Long SX5E vs short SPX Dec18 var swap	5-Jul-16	6.1 vols	Dec-18 expiry	Investors should re-assess attractiveness of popular and (typically) technically motivated longer-dated RV vol trades, given environment of structurally higher political & economic risks and increasingly limited policy options
Long NKY vs short SPX Dec18 var swap	5-Jul-16	5.7 vols		
Long SX5E vs short SPX Dec18 put vs put	5-Jul-16	0.00%		
Buy a 1Y ATM worst-of call on SPX & TLT	18-Jul-16	0.9%	1 year	Cheap equity upside in a bond / equity melt-up
Buy SPX>UKX Jun17 ATM outperformance call, conditioned on SPX lower at maturity (qUSD)	17-Oct-16	2.0%	Jun-17 expiry	Risks of a hard Brexit rising and (weak) currency tailwind likely to prove short-lived; position cheaply for FTSE 100 (UKX) underperformance
Buy UKX Jun17 6650 put, sell SPX Jun17 1850 put	17-Oct-16	2.6%	Jun-17 expiry	
Buy an EWZ Jun-17 40 call conditional on SPX<2200 at expiry	24-Oct-16	1.7%	Jun-17 expiry	Using derivatives to capture Brazil (EWZ) upside potential following start of easing cycle
Buy an SX5E Sep-17 95% put conditional on EUR 10Y CMS > 1.1% or < 0.3% in Mar-17	14-Nov-16	2.7%	Sep-17 expiry	Remain long equities and cheapen hedges by conditioning on rates
Buy 2823 HK Jun-17 90/110 strangle	21-Nov-16	5.55%	Jun-17 expiry	China risk premium rising but A-shares vol still at all-time lows
Buy ESTX50 Dec17 90% put contingent on EURGBP < 0.82 by Jun17 expiry	2-Dec-16	1.63%	Dec-17 expiry	Equity-FX correlation is not priced for a spillover of populism into the EU, which could cause EUR to fall against an already weakened GBP as equities fall
Buy SPX>UKX Jun17 5% outperformance call (qUSD)	2-Dec-16	2.05%	Jun-17 expiry	UKX is heavily exposed to EU (50% revenues) and should underperform SPX if GBP tailwind fades. Volatility & correlation suit well for outperformance
Long XLF vs SX7E Jun17 ATM outperf call, contingent on SX7E higher at Jun expiry (qEUR)	2-Dec-16	1.20%	Jun-17 expiry	Cheapen long XLF upside to near 8y lows via selling upside on structurally challenged European banks & relatively more bearish outlook for US rates vs EU
Buy SPX Jun17 95% put contingent on US 5Y CMS > 2.15	5-Dec-16	1.04%	Jun-17 expiry	Still depressed equity-bond correlation (US 5Y bonds vs. SPX in the 37th%-ile since Jun-88) cheapens the cost of SPX puts conditioned on higher rates
Buy 1x Jun-17 ATM XLF call, sell 1.8x Jun-17 ATM worst-of calls on XLP and XLU	5-Dec-16	2.10%	Jun-17 expiry	Participate in the continuation of the reflation trade. Cheapen Financials upside by selling rich Utilities and Staples vol & expensive correl.
Buy Jun-17 ATM R2K- value outperf call over EEM, contingent on EEM > 95%	5-Dec-16	2.30%	Jun-17 expiry	Higher US rates and stronger dollar are likely to hurt companies exposed to EM and help US DM. Trade the outperformance in a risk-controlled way, avoiding selling the record-low correlation
Buy NKY Jun17 110% Call	02-Dec-16	1.83%	Jun-17 expiry	USDJPY and NKY the biggest beneficiaries of a Trump win
Buy TPINSU Jun17 110-125% Call Spread	02-Dec-16	3.30%	Jun-17 expiry	Banks and Insurances are the most leveraged sector
Buy TPNBNK Jun17 110-125% Call Spread	02-Dec-16	3.20%	Jun-17 expiry	Banks and Insurances are the most leveraged sector
Buy 2823 HK Jun17 90/110% strangle	02-Dec-16	5.90%	Jun-17 expiry	China risk premium rising but A-shares vol still at all-time lows
Buy HSCEI Jun17 105-120% call spread contingent on $KRW >1200	02-Dec-16	1.20%	Jun-17 expiry	Own contrarian EM upside at low cost & limited risk
Buy NKY-SPX Dec19 70/110% corridor variance	02-Dec-16	1.50%	Dec-19 expiry	QE uncertainty and USDJPY vol support NKY vs SPX realized vol
Buy NKY Jun17-Jun18 18,500 strike FVA	02-Dec-16	21.5%	Jun-17 expiry	What if QE hits its limit? Long NKY vol outright which is cheap to carry
Long Russell 2000 vs. short S&P 500 Dec-18 var spread	5-Dec-16	3.9pts	Dec-18 expiry	With fiscal stimulus and potential tax cuts, small caps revert to old normal generating higher vol on upside and downside relative to large caps
Buy 1x Jun17 64 call on Aug17 Brent futures, sell 1x SXEP Jun17 330 call	9-Jan-17	1.00%	Jun-17 expiry	Vol and price technicals are attractive. BofAML commodity strategists oil target is $70/bbl but this is already priced in SXEP levels according to BofAML Oil & Gas equity analysts
Buy SPX 6m ATM call contingent on GLD 5% higher in 3m	23-Jan-17	1%	Jul-17 expiry	Position for a near-term wobble followed by yet another equity melt up
Long NKY - SPX Dec-18 corridor var replication	13-Feb-17	4.00%	Dec-18 expiry	Cheaply access positive carry QE failure hedge
Buy NDX Top20 volatility dispersion	27-Feb-17	17.0%	Jan-18 expiry	
Long 1.8x vega on 1y single stock vols of UK Brexit exposed names, Short 1x vega on 1y FTSE index vol	14-Mar-17	32.3vols	14-Mar-18	Position for a pick-up in single stock realised vol on the 10 names (within FTSE's top 30) where post EU referendum realised vol was the highest relative to current 1y ATMf vol. The 10 names are: Barclays, Aviva, Prudential, BT, Glencore, Tesco, CRH, BA, Standard Chartered & HSBC.
SPX Sep-17 95% puts conditional on the 5yr CMS rate above 2.4% at maturity	14-Mar-17	1%	Sep-17, expiry	Hedge portfolios against a buy-the-dip failure should a faster rate cycle ultimately jeopardize it
Buy QQQ Jun17 132 call , sell XLF Jun17 25 call	20-Mar-17	0.57%	Jun-17 expiry	Sell rich Financials vol to fund cheap Tech upside
Buy Buy-Rated MSCI A-shares stocks & hedge with puts	23-Mar-17	1.44%	Jun-17 expiry	Market may trade on the MSCI inclusion theme; Hedge with 2823 HK Jun17 95% put
Buy A-shares with highest MSCI impact & hedge with put	23-Mar-17	1.44%	Jun-17 expiry	Market may trade on the MSCI inclusion theme; Hedge with 2823 HK Jun17 95% put
Own Japan stock vol via gamma weighted vol dispersion	10-Apr-17	15.8%	Mar18 expiry	Historically attractive to own TOPIX Top 10 corridor gamma weighted volatility dispersion
Buy CNOOC Jul-17 95% puts vs. sell HSCEI 95% puts	24-Apr-17	0.77%	Jul17 expiry	Hedge a rollover in China GDP and screen for cyclicals that could face pressure
Buy CH Merchant Bk Jul-17 18.5/17 put spread vs 22 call	24-Apr-17	0.10%	Jul17 expiry	Hedge a rollover in China GDP and screen for cyclicals that could face pressure
Buy SX5E Dec17 3800 calls contingent on EURUSD > 1.1 at expiry	8-May-17	1.3%	Dec17 expiry	Benefit from low vol, flat correl, likely hawkish ECB & (FX un-hedged) inflows into EU equities
Buy 1.5x KOSPI2 285 puts vs. short 1x $KRW 1160 call	8-May-17	0.3%	Jul17 expiry	Leverage cheap equity vs. FX vols to own cheap tail protection
Buy EEM Aug17 39.5 put and sell EEM Aug17 37 put	15-May-17	1.6%	Aug17, expiry	Buy cheap EM equity puts on near-record performance gap to commodities
Buy Dec17 105% call on an equally weighted basket of SX7E, SXAP, SXPP & SXEP, sell Dec17 ATM worst-of call on the same	15-May-17	1.6%	Dec17 expiry	Monetise low vol & high implied correl to position for greater sector dispersion in EU: long basket call, short worst-of call
Buy NKY Jul-17 19500 puts vs. short Dec-17 17500 puts	15-May-17	0.0%	Jul17 expiry	Own cheap NKY hedges into FOMC; Term structure is too steep is under-pricing risks
Short GILD $55-$62.5-$67.5 put spread collar	16-May-17	1.5%	Sep-17 expiry	Buy unloved and cheap biotech upside by levering depressed vol & skew

Table 6: Summary of open trades as of 5-Jun-17

Trade Description	Open Date	Open Level	Expected Trade Term	Rationale
Long 1x EEM 3m 97.5% put vs. short ~0.09x units each of 3m 97.5% puts on FXI, EWY, EWZ, EPI, EWT, RSX, EZA, and EWW	1.5%	0.0%	3m	Buy EEM puts financed by a basket of EM puts to lever near record low correl
Buy Tencent Jul17 250/300 strangle	22-May-17	2.45%	Jul-17 expiry	Hedge the China tech bubble; Tencent unlikely to stand still after a 45% rally YTD
Buy A-shares (2823 HK) Jul17 105% call	22-May-17	1.15%	Jul-17 expiry	Hedge the upside into MSCI announcement on 20-Jun
Buy 1x contract of ESTX50 Jun17 3525, sell 4x contracts of V2X Aug future	22-May-17	1.00%	Jun-17 expiry	Fundamental case to be long EU equities remains intact but stretched bullish positioning could lead to near-term consolidation
Buy SX5E Dec17 3450-3700 bullish risk reversal vs short IBOXX HY TRS with equal notional sizing	30-May-17	1.17%	Dec-17 expiry	BofAML Equity & Credit strategists highlight they favour equities over HY credit as div yields have surpassed HY credit yield & equities offer more gearing to rising PMI's, earnings and FCF
Buy 6m ATM calls on FB, AMZN, NFLX and GOOGL	30-May-17	6.9% (FB), 7.2% (AMZN), 9.4% (NFLX), 6.2% (GOOGL)	6m	Stock replace FANG stocks
Buy a 6m outperformance call on FANG stocks vs. SPX conditional on SPX> current levels at expiry	30-May-17	3.4%	6m	Lever extremely depressed FANG volatility and low correlation to buy upside
Buy HSI Sep17 90% put, sell ASX200 Sep-17 90% put	30-May-17	0.15%	Sep-17 expiry	HSI is unlikely to outperform if AS51 drops more than 10%; HSI vol below AS51 vol

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. “Trade Value” represents current valuation of trades initiated on the “Open Date”.

Summary of Closed Trades (5-Jun-17)

Table 7: Summary of closed trades as of 5-Jun-17

Trade Description	Open Date	Open Level	Close Level	Close Date	Rationale
Buy NKY Aug-16 105%-110% call spreads & sell 90% puts	11-Jul-16	0.26%	1.73%	25-Jul-16	Close position as the hurdle to surprise on the upside is high following a 5.8% NKY rally
Replace FB long positions via Oct-16 ATM calls	25-Jul-16	5.9%	6.1%	1-Aug-16	Close position as Facebook rallied on better-than expected Q2 results
Replace AMZN long positions via Oct-16 ATM calls	25-Jul-16	5.5%	6.3%	1-Aug-16	Close position as Amazon rallied on better-than expected Q2 results
Buy AAPL Oct-16 ATM protective puts	25-Jul-16	4.6%	1.2%	1-Aug-16	Remove protection as worries around disappointing Q4 guidance faded post earnings
Buy 1.5x 5-Aug-16 2950-3000 strangles by selling 1x 19-Aug-16 2950-3000 strangles	25-Jul-16	0.00%	-1.12%	5-Aug-16	The BoJ, Fed & EU bank stress tests could move mkts sharply in the near term
Sell NKY Aug16 15500 puts, Buy Sep16 15500-14500 put spreads	25-Jul-16	0.24%	0.28%	Aug-16 expiry & Sep-16 expiry	Unwinding before the Aug16 expiry; The NKY Sep put spread has carried well
Buy TLS 25-Aug16 95% puts	18-Jul-16	1.05%	2.95%	15-Aug-16	Telstra has announced earnings and the stock has corrected 5% over the period
Buy Newcrest 25-Aug-16 105/115% call spreads	18-Jul-16	2.64%	1.18%	15-Aug-16	NCM has stayed unchanged over the period despite better than expected earnings
Buy CSL 25-Aug-16 95% puts	18-Jul-16	1.09%	1.18%	22-Aug-16	CSL fell 5.4% over the period with weak earnings announcement
Buy BHP 25-Aug-16 105/115% call spreads	18-Jul-16	2.22%	0.77%	22-Aug-16	BHP rose 3.6% over the period but the option remains out of the money
Buy HSCEI Aug16 9400 call, Short Oct16 10000 call	1-Aug-16	0.00%	0.67%	22-Aug-16	Close position as the HSCEI rallies 5.2% and we are approaching the Aug16 expiry
Buy Tencent (700 HK) Sep16 105% call	15-Aug-16	1.70%	2.70%	22-Aug-16	Tencent jumped post better than expected earnings
Sell 1x SX7E 1M 25d call to fully finance 1.85x SX5E 1M 25d calls	25-Jul-16	0.0%	0.0%	25-Aug-16	SX7E 1M 25d call / SX5E 1M 25d call price ratio is in the 100th 2-yr percentile
Buy CMB (3968 HK) Sep16 105-115% call spread	5-Jul-16	2.32%	6.12%	30-Aug-16	Close position and BofA ML turned neutral in EM in the short-term
Buy ICBC (1398 HK) Sep16 105-115% call spread	5-Jul-16	2.12%	9.0%	30-Aug-16	Close position and BofA ML turned neutral in EM in the short-term
Buy BOC (3988 HK) Sep16 105-115% call spread	5-Jul-16	2.10%	6.28%	30-Aug-16	Close position and BofA ML turned neutral in EM in the short-term
Buy XLF Sep 24 strike call	25-Jul-16	1.4%	2.3%	6-Sep-16	Close positions from trades that have benefited thus far from the rally in Financials and weakness in Utilities; monetize view that Fed will not hike in September
Buy XLU Sep 51 strike put	25-Jul-16	1.3%	2.6%	6-Sep-16	
Buy a 6M ATM worst-of {XLF call, XLU put}	25-Jul-16	1.35%	3.0%	6-Sep-16	
Buy 0.85x SX5E Sep16 3000-3100 strangle, sell 1x SX5E Dec16 3000-3100 strangle	15-Aug-16	-5.07%	-5.73%	Sep-16 expiry	Take advantage of low near term vol and a steep term structure
Long 0.5x V2X Oct16 future, short 0.5x V2X Jan-17 future	11-Jul-16	0.05 vols	-0.95 vols	19-Sep-16	Unwind Oct/Jan spread and maintain Nov/Jan spread given clarity around the Italian referendum date
Sell VSTOXX Sep 21 puts	30-Aug-16	1.20 vols	1.77 vols	Sep-16 expiry	Global macro event risk likely to keep V2X supported going into Sep expiry
VIX Sep 17/22 1x2 call ratios (short 2x) + 0.75x SPY Sep23 210 puts	15-Aug-16	$0.85	$0.45	Sep VIX expiry	Trade provided hedging benefits during the sudden Sep market shock & has expired
Buy NKY Oct 95/105 strangle outright	30-Aug-16	2.28%	0.44%	27-Sep-16	Take a loss post an disappointing market reaction on the BoJ announcement
Buy NKY Oct 95/105 strangle daily delta-hedging	30-Aug-16	2.28%	0.56%	27-Sep-16	Take a loss post an disappointing market reaction on the BoJ announcement
Long 3M 25d EFA put vs short 3M 25d UKX put	5-Jul-16	0.00%	0.00%	3 months	Trade expired on 3-Oct
Replace T long position via 3M ATM calls	19-Jul-16	2.72%	0.04%	3 months	Our analysts no longer expect impactful catalysts in the near term; stock replacement strategies proved useful in cushioning downside losses during the abrupt Sep-16 sell-off vs. long equity positions.
Replace LOW long position via 3M ATM calls	19-Jul-16	3.90%	0.00%	3 months	
Replace RTN long position via 3M ATM calls	19-Jul-16	3.16%	0.41%	3 months	
Replace CRM long position via 3M ATM calls	19-Jul-16	4.16%	0.19%	3 months	
Replace NEE long position via 3M ATM calls	19-Jul-16	2.32%	0.08%	3 months	
Overlay long WBA long position with 3M ATM calls	19-Jul-16	4.04%	1.20%	3 months	
Buy HKEx (388 HK) 1x2 105%-115% call ratio	15-Aug-16	0.60%	0.00%	29-Sep-16	HKEx failed to rally above the first call strike and expired worthless
Buy NKY Oct16 17500 call, Sell 0.65x NKY Sep 17250 call	8-Aug-16	0.70%	0%	14-Oct-16	NKY Oct-16 call expired out of the money
Short VIX Oct 15 put vs. long VIX Nov 19/26 call spread	1-Aug-16	$0.45	$0.88	14-Oct-16	Close position as the Oct VIX future stayed well-supported as is typically the case in the weeks leading up to the US presidential election
Long 2x SPX Oct31 2125 puts vs. short 1x SPX Mar-17 1975 put	6-Sep-16	0.0%	-0.34%	14-Oct-16	Provided hedging benefits in the sudden equity shock in early Sep-16; now being unwound to mitigate decay
DAX +2.31x Dec16 / -1x Dec17 put calendars	30-Aug16	0.00%	-2.60%	Dec-16 expiry	DAX outperformance & low short dated DAX vol make put calendars attractive
Buy SX5E Dec16 2950/2750 put spread	6-Sep-16	1.48%	0.00%	Dec-16 expiry	A catalyst-strewn fall and a remarkably low volatility summer suggests that there could be headwinds to continued market upside on low volatility
Buy 1.5x SX5E Dec16 3100 call, sell 1x SX5E Mar17 3100 call for an upfront credit of 56bps	24-Oct-16	-0.56%	1.62%	Dec-16 expiry	Monetise steep SX5E vol curve for tactical EU upside with an upfront credit
Buy a 6M ATM worst-of call on XLP & GLD	11-Jul-16	1.05%	0.0%	6 months	Take a loss as safe-haven assets post a weak performance in H2-16 with fears over Trump's surprise victory easing and stock markets rallying
Buy a 6M ATM worst-of {SPX put, GLD call}	11-Jul-16	1.60%	0.0%	6 months	
Buy GLD 124/130 Dec-16 call spread	8-Nov-16	0.9%	0.0%	Dec-16	
Buy GLD 116/124/130 Dec-16 call spread collar	8-Nov-16	0.65%	-7.4%	Dec-16	
Buy TLT 123/132/137 Dec-16 call spread collar	8-Nov-16	0.67%	-5.03%	Dec-16	
Buy Oct16 110%f calls on VIE FP, AI FP, IBE SQ, STAN LN and MUV2 GY	18-Jul-16	2.37%	3.30%	Oct-16 expiry	Add exposure via inexpensive upside on single names where positioning appears particularly bearish and stocks have underperformed vs. their sectors
Buy an Oct16 110%F call on an equally weighted basket (quanto EUR)	18-Jul-16	0.81%	0.00%	Oct-16 expiry	
Buy 0.895x V2X Oct 21 puts, sell 1x VIX Oct 16 puts	19-Sep-16	0.0	$1.3	Oct-16 expiry	Near term catalysts & curve differentials favour tactical long V2X, short VIX puts
Sell SX7E Dec16 115 call	6-Sep-16	-0.88%	-1.09%	24-Oct-16	Close short SX7E call (part of SX5E put spread, short SX7E call trade) to limit potential risk from a "Yes" in the Italian referendum

Table 7: Summary of closed trades as of 5-Jun-17

Trade Description	Open Date	Open Level	Close Level	Close Date	Rationale
Buy HSI Oct-16 102% call, Sell HSP 105% call	19-Sep-16	0.60%	0.00%	28-Oct-16	HSP has under-performed HSI by 1.8% but both options expire out-of-the money
Short 1x USO 3M 25d put, long 2.1x SXEP 3M 25d call	8-Aug-16	0.00%	0.00%	4-Nov-16	The number of long SXEP calls per short USO put is historically high. Leverage commodity and equity strategists' views on oil and the Oil & Gas sector
Sell Dec16 SXDP 635 puts, buy 0.6x Dec16 SX7E 110 calls	7-Nov-16	0.00%	1.23%	11-Nov-16	Tactical option trade ahead of US elections
Long 0.5x V2X Nov16 future, short 0.5x V2X Jan-17 future	11-Jul-16	0.20 vols	-1.19 vols	Nov-16 expiry	Hedge further Brexit fallout, Italian bank & referendum risk.
Buy NIFTY Nov16 95/105 strangle outright	6-Sep-16	1.63%	6.36%	21-Nov-16	Close position as NIFTY has fallen 11.4% and we are approaching the expiry
Buy H-shares w/ SZ-A & buy HSCEI Dec16 put	22-Aug-16	1.90%	8.72%	5-Dec-16	Close position as the Shenzhen HK connect has launched on 5-Dec-16
Buy HK small-cap & buy HSCEI Dec16 put	22-Aug-16	1.90%	6.76%	5-Dec-16	Close position as the Shenzhen HK connect has launched on 5-Dec-16
Buy 1.32x EFA US 3M 25d put, sell 1x SX5E 3M 25d put for near 0 upfront premium	22-Aug-16	0.04%	0.00%	22-Nov-16	Own EFA puts vs ESTX50 puts to benefit from any increase in quantitative failure risk in Japan and post-Brexit uncertainty
Buy 2.6x SX5E 3M 110% call, sell 1x SX5E 3M 90% put for near 0 upfront premium	22-Aug-16	-0.04%	0.00%	22-Nov-16	Low vol, high skew combo makes ESTX50 levered riskies attractive
Sell 1M 95%f SX5E put and buy 1M 105%f SX5E call	31-Oct-16	-0.40%	0.00%	1-Dec-16	Generate income in range-bound markets, benefiting from high ESTX50 skew
Buy KOSPI2 Dec16 95% put, sell $KRW 97.4% put	17-Oct-16	0.00%	0.00%	8-Dec-16	Both legs expire out-of-the money at expiry
Buy HSCEI Dec16 95% put, sell 2822 HK 94.8% put	12-Sep-16	0.00%	0.00%	29-Dec-16	Both legs expire out-of-the money
Buy HSCEI Dec-16 105-115% call spread	27-Sep-16	1.82%	0.00%	29-Dec-16	HSCEI call spread expires out-of-the money
Buy CH Banks Dec-16 105-115% call spread	27-Sep-16	2.05%	0.00%	29-Dec-16	Chinese Banks call spread expires out-of-the money
Buy Best-of TWSE,KOSPI2,HSCEI Dec16 95% put	10-Oct-16	0.90%	0.00%	29-Dec-16	The best performing index (KOSPI2) fell less than 5% over the period
Buy HSCEI Dec16 9800 call with a 10600 knock-out	7-Nov-16	1.00%	0.00%	29-Dec-16	HSCEI knock-out call expires out-of-the money
Sell Samsung Jan17 90% put, buy KOSPI2 96% put	17-Oct-16	0.00%	0.00%	12-Jan-17	Both legs expire out-of-the money. The relative value trade has a zero profit & loss
Buy an XOP Jan-17 45 call	22-Aug-16	1.4%	0.00%	20-Jan-17	Call expired out-of-the money at expiry
Buy an XLE Jan-17 ATM call with 115% knock-in	22-Aug-16	2.5%	0.0%	20-Jan-17	Call expires in-the-money but the barrier was not breached at expiry
Buy an XLE over SPX Jan-17 ATM outperformance call contingent on SPX up at expiry	22-Aug-16	2.3%	3.4%	20-Jan-17	Energy equity outperformed the overall equity market while both were up by the time the outperformance call expired
Buy XLP Jan-17 52 / 49 put spread	19-Sep-16	1.4%	0.00%	Jan-17 expiry	Both legs expire out-of-the money
Buy a 6M ATM best-of put on SPX & TLT	18-Jul-16	0.8%	0.00%	6 months	Put expired out-of-the money as the S&P500 ended
Buy LLY Jan-17 80/90 1x2 CS	17-Oct-16	1.8%	0.00%	Jan-17 expiry	Both legs expire out-of-the money
Buy LLY Jan-17 80/85 CS with 90 KI on upper leg	17-Oct-16	2.4%	0.00%	Jan-17 expiry	Both legs expire out-of-the money
Buy ZTS Jan-17 46/50 bullish risk reversal	17-Oct-16	2.6%	7.4%	Jan-17 expiry	Both legs expire in-of-the money
Buy ZTS Jan-17 46/50/55 call spread collar	17-Oct-16	1.4%	7.4%	Jan-17 expiry	The 46 call and 50 call expire in-the-money
Buy an EWZ Jan-17 40 call	24-Oct-16	3.1%	0.00%	Jan-17 expiry	Call expired out-of-the money at expiry
Buy TPINSU 105-120% call spread, short 85% put	14-Nov-16	1.75%	4.50%	13-Jan-17	Option expired and Topix Insurance rose 9.5% over the period
Buy TPNBNK 105-120% call spread, short 85% put	14-Nov-16	1.85%	10.60%	13-Jan-17	Option expired and Topix Banks rose 15.6% over the period
Buy HSBC Jan-17 105% call, Sell HSP 105% call	14-Nov-16	0.52%	4.98%	26-Jan-17	Option expired; HSBC out-performed HSP on the upside
Buy SX5E +Dec19/-Dec18 div future spread	4-Oct-16	€-7.0	€-4.2	6-Feb-17	Close position given sudden SX5E rally and Dec18 div future will lose equity beta
Own Nifty Mar17 call to position for budget surprise	23-Jan-17	0.67%	2.15%	6-Feb-17	Nifty was up 4.9% over the period on the back of a positive budget announcement
Buy HSI Feb17 23600 call	9-Jan-17	0.48%	1.09%	13-Feb-17	Close position. HSI was up 4.9% over the period
Buy AMP AU 23-Feb-17 95% puts	30-Jan-17	1.85%	0.27%	13-Feb-17	Unwind the put option post the earnings result
Buy SUN AU 23-Feb-17 95% puts	30-Jan-17	1.39%	0.08%	13-Feb-17	Unwind the put option post the earnings result
Buy 1x V2X Feb17 19 calls, sell 0.85x V2X Mar17 futures	17-Jan-17	-16.1v	-14.32v	Feb-17 expiry	Unwind as the Feb17 call expired
Buy CBA AU 23-Feb-17 95% puts	30-Jan-17	0.76%	0.00%	21-Feb-17	Unwind the put option post the earnings result
Overwrite WES AU 23-Feb-17 103% calls	30-Jan-17	-0.87%	-1.20%	21-Feb-17	Unwind the put option post the earnings result
Long V2X Apr future, short V2X May future	9-Jan-17	0.45	4.55	24-Feb-17	The Apr future has already richened significantly vs. the May future. Prefer V2X May long May call spread, short Apr put as a French election hedge instead.
Buy 1x ESTX50 Dec17 3250 calls, sell 1.23x EURJPY Dec-17 115 puts	5-Dec-16	0.00%	3.20%	24-Feb-17	Unwind ahead of French elections as political uncertainty can weigh on the EUR
Buy NKY Dec17 19500 call, short Mar17 18000 call	3-Oct-16	0.58%	-1.82%	3-Mar-17	Unwind the option before the Mar-17 expiry
Buy NKY Mar17-Dec17 17000 strike FVA	3-Oct-16	20.2%	21.6%	3-Mar-17	Unwind the option before the Mar-17 expiry
Buy TPNBNK Mar17 1x1.5 180/170 put ratio	9-Jan-17	0.60%	0.00%	10-Mar-17	Option expired out-of-the money as the TPNBNK remained range-bounded
Buy ESTX50 17-Mar-17 3350-3450 strangle	6-Mar-17	0.80%	0.00%	17-Mar-17	Expired out-of-the-money
Buy Volkswagen 2017 dividend future	17-Jan-17	€1.3	€2.0	14-Mar-17	Volkswagen announced a dividend of €2.05 on 14-Mar-17
Buy Mar17 UKX 6700 put cont. on GBPUSD<1.20	10-Oct-16	0.81%	0.0%	17-Mar-17	UKX rallied making the hedges expire out-of-the-money
Buy Mar17 UKX<6700 / GBPUSD<1.20 dual digital	10-Oct-16	9.1%	0.0%	17-Mar-17	
Mar17 UKX 6700 buy qUSD put, sell 0.9x vanilla put	10-Oct-16	0.44%	0.0%	17-Mar-17	
Buy 6M ATM worst-of {XLF call, XLU put}	19-Sep-16	1.38%	0%	17-Mar-17	While XLF has rallied ~30% since inception, XLU is higher by 4% and the XLU put is the worst performing option, expiring OTM
Buy an SPX Mar-17 97.5% put contingent on USO>105% at expiry	3-Oct-16	1.08%	0%	17-Mar-17	The structure offered a deep discount for an SPX hedge and expires OTM as markets have rallied strongly
Buy a USO Mar-17 105% call contingent on SPX<97.5% at expiry	3-Oct-16	1.70%	0%	17-Mar-17	The trade expires OTM due to the SPX rally and a sell off in oil over the past two weeks
Buy a Mar-17 SPX<97.5%, USO>105% dual digital	3-Oct-16	11.80%	0%	17-Mar-17	The trade expires OTM due to the SPX rally and a sell off in oil over the past two weeks
Buy an IWM Mar-17 ATM call conditional on EEM<95% at expiry	14-Nov-17	1.15%	0%	17-Mar-17	EEM has rallied 15% over the period together with IWM
Buy an XLI Mar-17 ATM call conditional on EEM<95% at expiry	14-Nov-17	0.89%	0%	17-Mar-17	EEM has rallied 15% over the period together with XLI
Buy GLD Mar-17 116 call, sell Jun-17 127 call	23-Jan-17	1%	0.31%	17-Mar-17	While GLD rallied strongly earlier in the life of the trade, it recently retreated at the time of expiry with GLD 87bps above the lower strike, the short call is worth 56bps

Table 7: Summary of closed trades as of 5-Jun-17

Trade Description	Open Date	Open Level	Close Level	Close Date	Rationale
Long 2x SPX Aug-17 2200 puts, short 1x SPX Aug-17 2350 put	21-Feb-17	0.10%	0.01%	17-Mar-17	SPX has traded range bound since inception of the trade, still the carry has been minimal, close out or roll the position
Own Nifty Mar17 strangle heading into 5 events	23-Jan-17	1.50%	3.96%	20-Mar-17	Unwind the option post the state election event and Close position
Long XLF Jun17 24 call, short SX7E Jun17 120 call	2-Dec-16	0.74%	-5.88%	27-Mar-17	The call vs call relative value trade is now riskier given the potential reversal in US reflation trades and the potential for European equities to rally in a French election market-favourable outcome.
Buy Tencent Mar-17 105% calls	27-Feb-17	1.15%	2.31%	27-Mar-17	Unwind the position for the Tencent earnings
Buy HSCEI Mar17 105% call contingent SPX <2200	24-Oct-16	1.20%	0.00%	30-Mar-17	Option expired; HSCEI was up 5.1% but the SPX ended above 2200
Buy HSCEI Mar17 9600 put vs short Sep17 8200 put	17-Jan-17	-0.05%	-0.78%	30-Mar-17	Unwind post Mar-17 expiry; the short Sep17 put helped reduce the hedging cost
Buy HSCEI Mar-17 1x1.5 10800-11200 call ratio	21-Feb-17	0.57%	0.00%	30-Mar-17	Option expired; HSCEI stayed flat and failed to rally above the 10800 call strike
Long SX5E Apr17 3300 call, short SX5E Dec17 3450 call	30-Jan-17	-0.60%	-0.18%	21-Apr-17	Apr17 option expired so we unwind the entire trade as planned
Short 1x SX5E May17 3350 calls, long 2x SX5E May17 3450 calls	21-Feb-17	0.00%	0.60%	24-Apr-17	Unwind before May expiry following the large 4% SX5E move on 24-Apr, given lack of near term catalysts
Buy an SPX Apr-17 95% put conditional on US 10Y CMS > 2.5% at maturity	14-Nov-16	0.78%	0%	21-Apr-17	In Nov-16, we recommended remaining long equities with cheap hedges. The hedge expires out of the money, while SPX has returned 8.7% for the period
Long SPX Apr17 2300 call, short SPX Dec17 2400 call	30-Jan-17	-0.80%	-0.71%	21-Apr-17	The reflation trade has slowed down and the market is in a holding pattern. The long Apr-17 call expires in-the-money, and the short Dec-17 call still has time value
Long VIX May 16 / 22 call spread vs. short VIX Apr 13 put	21-Feb-17	$0.35	$0.75	19-Apr-17	The call spread still has value due to elevated vol and vol-of-vol and we collect the premium on the expired short OTM put
Short SPX 21-Apr-17 vs. long 28-Apr-17 2325 straddle pair	6-Mar-17	0.50%	1.06%	21-Apr-17	The trade benefited from the rise in post-event volatility relative to pre-event volatility
Buy SX5E 28-Apr-17 3600 call	3-Apr-17	0.26%	0%	28-Apr-17	The option expired
Buy Unicom Apr17 105-115% call spread	21-Feb-17	1.65%	4.25%	27-Apr-17	Single stock option expired in-the-money despite a 1.4% decline in the HSCEI
Buy Sands China Apr17 105-115% call spread	21-Feb-17	2.00%	6.97%	27-Apr-17	Single stock option expired in-the-money despite a 1.4% decline in the HSCEI
Buy Galaxy Apr17 105-115% call spread	21-Feb-17	2.10%	10.0%	27-Apr-17	Single stock option expired in-the-money despite a 1.4% decline in the HSCEI
Buy SX5E Dec19 2500 put, sell SX5E Dec18 2500 put	27-Sep-16	3.97%	1.9%	8-May-17	SX5E has rallied 23.3% since we entered the trade and European political risk abated for now
Buy KOSPI2 May17 103% calls	13-Mar-17	0.63%	5.37%	8-May-17	Option expired; KOSPI2 rallied 8.37% over the period
Buy KOSPI2 May17 97/103% strangle	13-Mar-17	1.38%	5.37%	8-May-17	Option expired; KOSPI2 rallied 8.37% over the period
Buy NKY Jun17 20750 call, sell 1-1.3x 18750-17750 put ratio	06-Mar-17	0.00%	0.00%	15-May-17	Closing the trade post French election; option strikes remain far from the spot level
Long V2X May 26-32.5 call spread and short Apr 22 put	21-Feb-17	€0.20	€0.00	19-May-17	Expired
Buy 1x contract of SX5E May17 3550 call, sell 5x contracts of V2X May17 16 puts	3-Apr-17	0.0%	-1.63%	19-May-17	Expired
Long GLD May 123 call vs. short May 130 call	21-Feb-17	0.8%	0.00%	19-May-17	The hedge expired out-of-the-money as S&P 500 remained supported
Buy 1.5x EFA Jun17 103% call, sell 1x EFA May17 ATM call	6-Mar-17	-0.15%	-0.20%	19-May-17	EFA rallied strongly leading into the second round of the French elections but subsequently stalled
Buy SPX Top50 volatility dispersion	27-Feb-16	14.7%	11.5%	30-May-17	Expired
Long HSI vs. SPX May-17 90% put switch	06-Feb-17	0.07%	0.00%	29-May-17	Option expired; Both HSI and SPX puts expire out-of-the-money
Buy the Nifty May17 95/105% strangle outright	20-Mar-17	1.20%	0.00%	25-May-17	Option expired; Nifty failed to move more than the straddle huddle (5%)
Long HSBC May-17 65/70 call spread	3-Apr-17	0.95%	4.33%	29-May-17	Option expired; HSBC is up 6.75% on the back of a strong seasonal rally

Source: BofA Merrill Lynch Global Research. Prices reflective of most recently available data which may be delayed in some cases. "Trade Value" represents current valuation of trades initiated on the "Open Date".

Volatility in Numbers (02-Jun-17)

Table 8: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (developed markets)

	3-month							12-month						
	S&P500	**ESTX50**	**FTSE**	**DAX**	**NKY**	**HSI**	**KOSPI**	**S&P500**	**ESTX50**	**FTSE**	**DAX**	**NKY**	**HSI**	**KOSPI**
Implied	9.5%	13.0%	10.6%	12.2%	14.2%	12.4%	12.8%	13.8%	16.5%	13.4%	16.1%	17.3%	15.9%	14.8%
%tile (2yr)	0.2%	0.0%	3.8%	0.0%	0.8%	2.6%	37.9%	2.6%	2.9%	5.7%	0.8%	3.9%	6.3%	32.4%
1Week Change	-0.1%	-0.4%	0.4%	-0.7%	-0.2%	0.3%	-0.3%	-0.1%	0.1%	0.3%	-0.3%	0.0%	0.2%	0.1%
1Mth Change	-0.6%	-1.4%	0.1%	-1.3%	-0.7%	0.0%	0.9%	0.3%	0.0%	0.5%	-0.4%	-0.2%	0.7%	1.6%
Realised	7.3%	11.1%	9.1%	10.0%	12.5%	10.3%	11.0%	9.6%	16.8%	12.7%	15.8%	19.8%	13.7%	11.5%
%tile (2yr)	13.9%	11.8%	10.3%	1.0%	2.4%	0.6%	24.3%	1.6%	0.0%	0.0%	0.2%	14.7%	0.2%	24.5%
1Week Change	-0.4%	-0.7%	-0.6%	-0.7%	0.1%	-0.2%	0.1%	0.0%	-0.3%	0.0%	-0.1%	0.0%	-0.1%	0.0%
1Mth Change	0.4%	-0.7%	-0.2%	-1.4%	-0.4%	-0.4%	2.4%	-0.2%	-0.7%	-0.3%	-0.5%	-0.6%	-0.4%	0.4%
Imp-real spread	2.3%	1.9%	1.4%	2.3%	1.7%	2.2%	1.8%	4.1%	-0.2%	0.8%	0.3%	-2.5%	2.2%	3.3%
Spread %tile (2yr)	51.4%	53.4%	61.9%	63.3%	67.8%	69.9%	64.4%	81.5%	79.8%	73.3%	79.6%	61.2%	88.0%	72.9%
1Week Change	0.3%	0.3%	1.0%	0.0%	-0.3%	0.5%	-0.4%	-0.2%	0.3%	0.3%	-0.2%	0.0%	0.3%	0.1%
1Mth Change	-1.0%	-0.6%	0.3%	0.1%	-0.4%	0.4%	-1.4%	0.5%	0.6%	0.9%	0.1%	0.4%	1.1%	1.2%
90-110 skew	7.9%	7.1%	5.3%	7.1%	5.0%	2.3%	3.0%							
%tile (2yr)	4.6%	16.9%	1.1%	21.5%	19.0%	6.5%	2.7%							
1Week Change	-0.9%	-0.4%	-0.4%	-0.6%	-1.0%	-0.4%	0.2%							
1Mth Change	0.3%	0.8%	-1.5%	-0.4%	-0.4%	-0.7%	-1.4%							
	10-day realised							12M - 3M term vol spread						
	S&P500	**ESTX50**	**FTSE**	**DAX**	**NKY**	**HSI**	**KOSPI**	**S&P500**	**ESTX50**	**FTSE**	**DAX**	**NKY**	**HSI**	**KOSPI**
Current Level	6.6%	5.8%	4.6%	7.1%	11.1%	7.1%	10.6%	4.2%	3.6%	2.8%	3.8%	3.2%	3.5%	2.0%
%tile (2yr)	21.8%	2.1%	0.6%	6.7%	16.3%	0.4%	46.2%	99.6%	100.0%	86.2%	100.0%	99.6%	98.9%	53.1%
1Week Change	-4.3%	-4.1%	-3.2%	-0.6%	1.9%	-0.9%	2.4%	0.0%	0.4%	-0.1%	0.4%	0.2%	-0.1%	0.4%
1Mth Change	-1.0%	-14.4%	-12.7%	-10.5%	-1.4%	-4.8%	0.3%	0.9%	1.3%	0.4%	0.9%	0.5%	0.7%	0.6%
	Cash index													
Current Level	2,439.07	3,591.82	7,547.63	12,822.94	20,177.28	25,924.05	307.83							
1Wk Change	0.96%	0.36%	0.00%	1.75%	2.49%	1.11%	0.28%							
1Mth Change	2.00%	0.38%	4.10%	2.52%	3.76%	4.97%	6.28%							

Source: BofA Merrill Lynch Global Research

Table 9: Statistics on implied, realised, skew and term structure for 3-month and 12-month vols (emerging markets)

	3-month				12-month			
	EEM US	**IBOV**	**RDXUSD**	**TOP40**	**EEM US**	**IBOV**	**RDXUSD**	**TOP40**
Implied	15.4%	25.3%	24.7%	15.1%	19.0%	24.4%	26.1%	17.4%
%tile (2yr)	4.0%	52.5%	13.4%	4.2%	6.9%	41.4%	12.1%	1.4%
1Wk Change	-0.1%	0.5%	1.2%	1.0%	0.3%	0.6%	0.2%	0.6%
1Mth Change	0.8%	4.5%	1.0%	0.2%	1.6%	1.6%	0.3%	-0.6%
Realised	13.3%	26.3%	21.8%	10.9%	18.0%	22.9%	21.4%	14.9%
%tile (2yr)	8.1%	70.1%	31.4%	1.0%	13.3%	9.7%	2.0%	0.6%
1Wk Change	-0.8%	-0.2%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%
1Mth Change	0.8%	7.6%	2.1%	-1.2%	-0.3%	1.6%	0.0%	-0.4%
Imp-real spread	2.2%	-1.0%	2.9%	4.2%	1.1%	1.5%	4.7%	2.5%
Spread %tile (2yr)	65.3%	24.4%	37.2%	76.4%	58.9%	67.9%	96.4%	44.1%
1Wk Change	0.6%	0.8%	1.2%	0.9%	0.3%	0.5%	0.2%	0.6%
1Mth Change	0.1%	-3.0%	-1.1%	1.4%	1.9%	0.0%	0.3%	-0.2%
90-110 skew	6.0%	4.9%	4.8%	7.2%				
%tile (2yr)	1.1%	28.7%	18.8%	14.6%				
1Wk Change	-0.5%	0.5%	0.1%	0.5%				
1Mth Change	-0.4%	-0.9%	0.4%	0.7%				
	10-day realised				12M - 3M term vol spread			
	EEM US	**IBOV**	**RDXUSD**	**TOP40**	**EEM US**	**IBOV**	**RDXUSD**	**TOP40**
Current Level	13.1%	17.7%	21.2%	10.0%	3.6%	-0.9%	1.4%	2.3%
%tile (2yr)	23.0%	24.4%	31.8%	9.8%	98.7%	24.7%	79.9%	64.8%
1Wk Change	-4.1%	-32.0%	-6.4%	5.0%	0.5%	0.0%	-1.0%	-0.4%
1Mth Change	1.2%	-1.9%	8.2%	-3.2%	0.7%	-2.9%	-0.8%	-0.8%
	Cash index							
Current Level	41.76	62,510.70	1,189.17	46,522.53				
1Wk Change	0.05%	-2.46%	-3.33%	-2.13%				
1Mth Change	2.91%	-6.31%	-6.17%	-1.31%				

Source: BofA Merrill Lynch Global Research

Options Risk Statement

Potential Risk at Expiry & Options Limited Duration Risk

Unlike owning or shorting a stock, employing any listed options strategy is by definition governed by a finite duration. The most severe risks associated with general options trading are total loss of capital invested and delivery/assignment risk, all of which can occur in a short period.

Investor suitability

The use of standardized options and other related derivatives instruments are considered unsuitable for many investors. Investors considering such strategies are encouraged to become familiar with the "Characteristics and Risks of Standardized Options" (an OCC authored white paper on options risks). U.S. investors should consult with a FINRA Registered Options Principal. For detailed information regarding the risks involved with investing in listed options:
http://www.theocc.com/about/publications/character-risks.jsp

Price objective basis & risk

Deutsche Telekom (DTEGF / DTEGY, B-2-7, EUR17.42/US$19.45)
Our price objective for DT is EUR18.0/sh (US$19.62) and is derived from our Sum-of-the-Parts analysis.

Each business is valued via DCF (except MtM for TMUS and OTE) using a 7.0% WACC and 1.00% terminal growth rate for Domestic and Western Europe assets (and 8.0% WACC/1% term growth for Eastern Europe assets) and cross-checked using implied valuation multiple analysis.

Our Domestic business valuation reflects DT's solid positioning in both fixed (FTTC rollout) and mobile (superior network quality, integrated business model).

Upside risks to our PO are any asset sales (US, non-integrated assets in Austria or NL) and revenue upside from T-Home's TV push.

Downside risks to our PO are higher than expected mobile impact coming from new Drillisch tariffs or failure to turnaround good US operational trends into more profitable revenue streams.

Analyst Certification

We, Benjamin Bowler, Clovis Couasnon and Frederic Boulan, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

BofA Merrill Lynch is currently acting as Financial Advisor to Royal Dutch Shell PLC in connection with its proposed sale of its UK North Sea assets to Chrysaor LTD, which was announced on January 31, 2017.

EMEA - Telecoms Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	BT	BT	BT US	Sunil P. Patel
	BT	BTGOF	BT/A LN	Sunil P. Patel
	DNA Oyj	XDNAF	DNA FH	Sunil P. Patel
	Iliad	ILIAF	ILD FP	Frederic Boulan, CFA
	Inwit	XISWF	INW IM	Parin Shah, CFA
	KPN	KKPNF	KPN NA	Frederic Boulan, CFA
	Orange	FNCTF	ORA FP	Frederic Boulan, CFA
	Orange	ORAN	ORAN US	Frederic Boulan, CFA
	TDC A/S	TDCAF	TDC DC	Sunil P. Patel
	Tele Columbus	XBTLF	TC1 GR	Sunil P. Patel
	Telecom Italia -RSP	TIAJF	TITR IM	David Wright
	Telecom Italia SPA	TI	TI US	David Wright
	Telecom Italia SPA	TIAOF	TIT IM	David Wright
	Telefonica SA	TEFOF	TEF SM	David Wright
	Telefonica SA	TEF	TEF US	David Wright
	Telenet Group Holding NV	TLGHF	TNET BB	David Wright
	Telenor	TELNF	TEL NO	Sunil P. Patel
	Telenor	TELNY	TELNY US	Sunil P. Patel
NEUTRAL				
	Bouygues	BOUYF	EN FP	Frederic Boulan, CFA
	Deutsche Telekom	DTEGY	DTEGY US	Frederic Boulan, CFA
	Deutsche Telekom	DTEGF	DTE GR	Frederic Boulan, CFA
	Liberty Global	LBTYA	LBTYA US	David Wright
	Orange Belgium	MBSRF	OBEL BB	David Wright
	SFR Group SA	NUMCF	SFR FP	Frederic Boulan, CFA
	Swisscom	SWZCF	SCMN VX	Frederic Boulan, CFA
	Swisscom	SCMWY	SCMWY US	Frederic Boulan, CFA
	Telia Company	TLSNF	TELIA SS	Sunil P. Patel
	Vodafone Group	VOD	VOD US	David Wright
	Vodafone Group	VODPF	VOD LN	David Wright
UNDERPERFORM				
	Cellnex	XWHXF	CLNX SM	Parin Shah, CFA
	Ei Towers	EITOF	EIT IM	Parin Shah, CFA
	Elisa	ELMUF	ELISA FH	Sunil P. Patel
	Proximus	BGAOF	PROX BB	David Wright
	RAI Way	XRWSF	RWAY IM	Parin Shah, CFA
	TalkTalk	TLKTF	TALK LN	Sunil P. Patel
	Tele2 AB	TLTZF	TEL2B SS	Sunil P. Patel
	Telefonica Deutschland	TELDF	O2D GR	Frederic Boulan, CFA
RSTR				
	Altice NV -A	ALLVF	ATC NA	Frederic Boulan, CFA
	Altice NV -B	ALVVF	ATCB NA	Frederic Boulan, CFA
	Drillisch AG	DRHKF	DRI GY	Frederic Boulan, CFA
RVW				
	United Internet AG	UDIRF	UTDI GY	Frederic Boulan, CFA

EMEA - Utilities Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	EDF	ECIFF	EDF FP	Peter Bisztyga
	EDP	EDPFY	EDPFY US	Harry Wyburd
	EDP	ELCPF	EDP PL	Harry Wyburd
	EDP Renovaveis	EDRVF	EDPR PL	Pinaki Das
	Enel	ESOCF	ENEL IM	Harry Wyburd
	Engie	ENGQF	ENGI FP	Peter Bisztyga
	Gamesa	GCTAF	GAM SM	Pinaki Das
	Iberdrola	IBDSF	IBE SM	Peter Bisztyga
	innogy	XISAF	IGY GR	Peter Bisztyga
	National Grid	NGGTF	NG/ LN	Fraser McLaren
	National Grid	NGG	NGG US	Fraser McLaren
	Red Electrica	RDEIF	REE SM	Harry Wyburd
	Saeta Yield	XSTAF	SAY SM	Pinaki Das
	Senvion SA	XSHVF	SEN GR	Pinaki Das
	Suez	SZEVF	SEV FP	Pinaki Das
	Terna	TERRF	TRN IM	Harry Wyburd
	Veolia	VEOEF	VIE FP	Pinaki Das
	Veolia	VEOEY	VEOEY US	Pinaki Das
	Vestas	VWSYF	VWS DC	Pinaki Das
NEUTRAL				
	Acciona	ACXIF	ANA SM	Pinaki Das
	Drax Group Ltd	DRXGF	DRX LN	Fraser McLaren
	E.ON	ENAKF	EOAN GR	Peter Bisztyga
	E.ON	EONGY	EONGY US	Peter Bisztyga
	Gas Natural Fenosa	GASNF	GAS SM	Harry Wyburd
	Italgas	XXYZF	IG IM	Harry Wyburd
	Nordex	NRDXF	NDX1 GR	Pinaki Das
	RWE	RWNFF	RWE GR	Peter Bisztyga
	RWE	RWEOY	RWEOY US	Peter Bisztyga
	SSE	SSEZF	SSE LN	Fraser McLaren
	SSE	SSEZY	SSEZY US	Fraser McLaren
	Uniper	XUIKF	UN01 GY	Peter Bisztyga
UNDERPERFORM				
	Centrica	CPYYF	CNA LN	Fraser McLaren
	Centrica	CPYYY	CPYYY US	Fraser McLaren
	DONG Energy	XDJBF	DENERG DC	Pinaki Das
	Enagas	ENGGF	ENG SM	Harry Wyburd
	Endesa	ELEZF	ELE SM	Harry Wyburd
	Fortum	FOJCF	FORTUM FH	Peter Bisztyga
	Pennon	PEGRF	PNN LN	Fraser McLaren
	Severn Trent	SVTRF	SVT LN	Fraser McLaren
	Snam	SNMRF	SRG IM	Harry Wyburd
	United Utilities	UUGWF	UU/ LN	Fraser McLaren
RSTR				
	Abengoa B	AGOAF	ABG/P SM	Pinaki Das

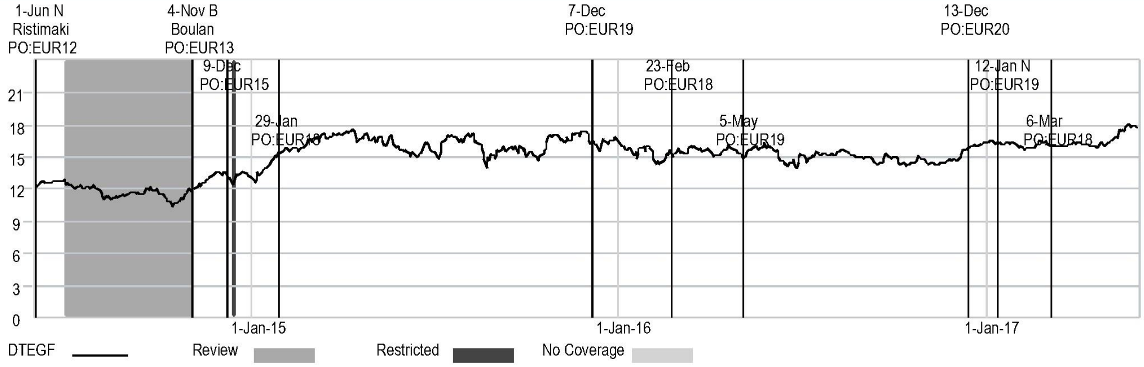
EMEA - Integrated & Refiners Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Eni	E	E US	Hamish Clegg
	Eni	EIPAF	ENI IM	Hamish Clegg
	Galp Energia	GLPEF	GALP PL	Hamish Clegg
	Royal Dutch Shell B	RDSB	RDS/B US	Christopher Kuplent
	Royal Dutch Shell B	RYDBF	RDSB LN	Christopher Kuplent
	Royal Dutch Shell PLC Shs A	RDSA	RDS/A US	Christopher Kuplent
	Royal Dutch Shell PLC Shs A	RYDAF	RDSA LN	Christopher Kuplent
	Statoil	STOHF	STL NO	Hamish Clegg
	Statoil	STO	STO US	Hamish Clegg
NEUTRAL				
	BP plc	BP	BP US	Christopher Kuplent
	BP plc	BPAQF	BP/ LN	Christopher Kuplent
	Repsol	REPYY	REPYY US	Hamish Clegg
	Repsol	REPYF	REP SM	Hamish Clegg
	Total	TTFNF	FP FP	Christopher Kuplent
	Total	TOT	TOT US	Christopher Kuplent
UNDERPERFORM				
	Neste	NTOIF	NESTE FH	Georgia Harris
	OMV	OMVJF	OMV AV	Hamish Clegg
	OMV	OMVKY	OMVKY US	Hamish Clegg

Disclosures

Important Disclosures

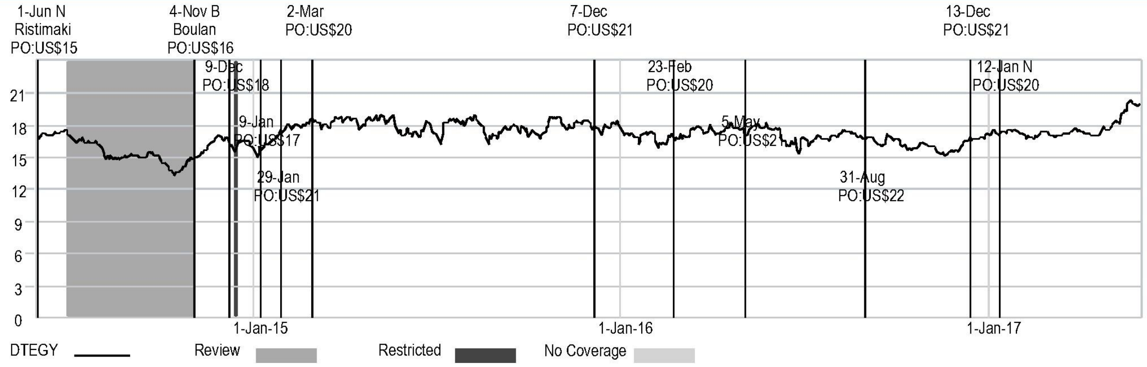
DTEGF Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of May 31, 2017 or such later date as indicated.

DTEGY Price Chart



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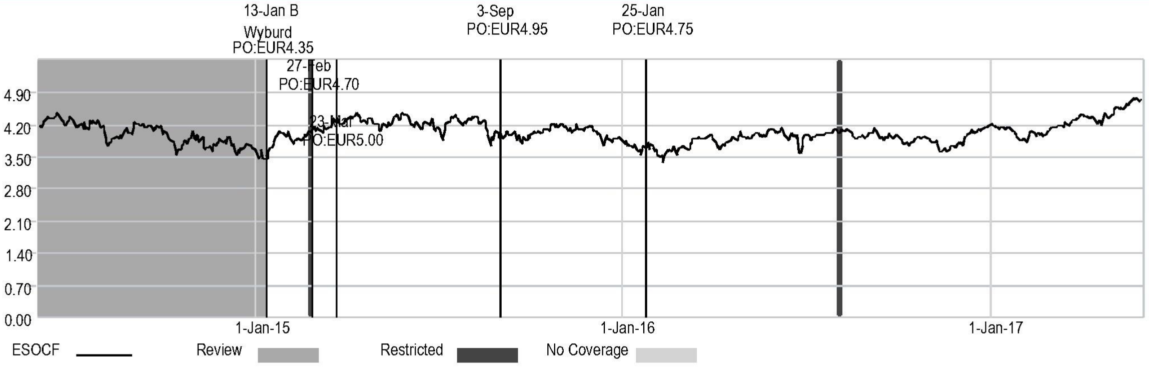
ESOCF Price Chart



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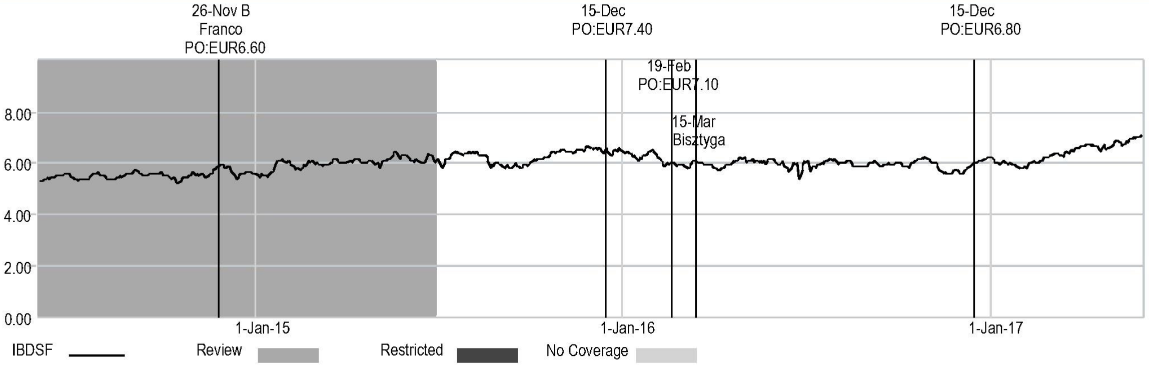
IBDSF Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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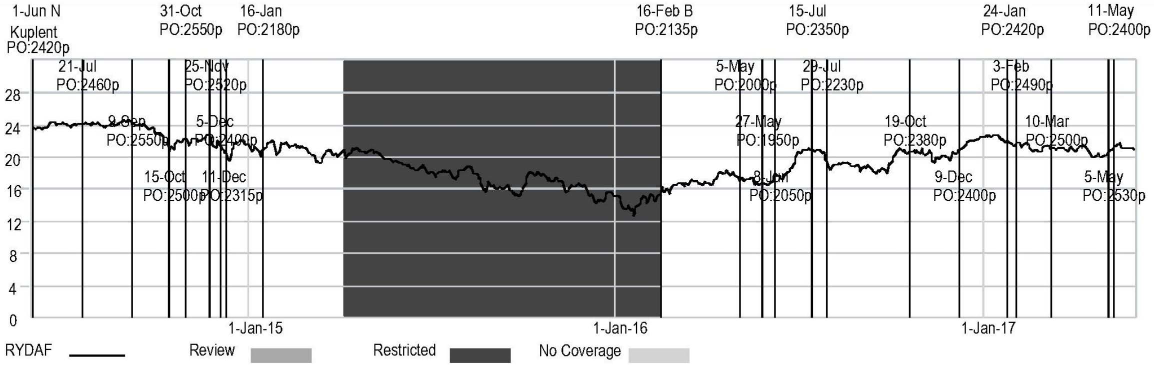
RYDAF Price Chart



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Equity Investment Rating Distribution: Energy Group (as of 31 Mar 2017)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	109	49.77%	Buy	84	77.06%
Hold	52	23.74%	Hold	43	82.69%
Sell	58	26.48%	Sell	34	58.62%

Equity Investment Rating Distribution: Telecommunications Group (as of 31 Mar 2017)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	78	52.00%	Buy	53	67.95%
Hold	30	20.00%	Hold	20	66.67%
Sell	42	28.00%	Sell	14	33.33%

Equity Investment Rating Distribution: Utilities Group (as of 31 Mar 2017)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	60	48.39%	Buy	39	65.00%
Hold	35	28.23%	Hold	26	74.29%
Sell	29	23.39%	Sell	17	58.62%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2017)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1578	51.33%	Buy	979	62.04%
Hold	690	22.45%	Hold	434	62.90%
Sell	806	26.22%	Sell	381	47.27%

* Issuers that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

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Date: Monday, January 6 2014 02:40 AM
Subject: Re: Larry Summers
From: Kelly Friendly <[redacted] >
To: Jeffrey Epstein <jeevacation@gmail.com>;

Mr. Epstein:

Many, many thanks for your overwhelming generosity. [redacted] and I flew home today with Mr. Farkas and his family. They took very good care of us and they couldn't have been nicer. Andrew and [redacted] are still stuck in St. Thomas, enjoying the use of your car.

We are extremely grateful for everything you have done for us.

Happy New Year and hope to see you next time you are at Harvard.

Fondly,
Kelly Friendly

On Jan 4, 2014, at 1:06 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> glad to help
>
> On Sat, Jan 4, 2014 at 1:05 PM, Kelly Friendly [redacted] > wrote:
>
> > Ann brought us the car. It's wonderful, thank you so much.
> >
> > We are so grateful for your generosity...
> >
> > Kelly Friendly
> > [redacted]
> >
> > Sent from my iPhone
> > On Jan 4, 2014, at 12:21 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
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> > > you will get a call from either jermain, or cecile (the governors wife and my asst)
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> > > On Sat, Jan 4, 2014 at 10:54 AM, Kelly Friendly <[redacted] > wrote:
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> > > > Thank you! We are so grateful....
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> > > > On Jan 4, 2014, at 11:52 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
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> > > > > jermaine , please organzie kelly to have use of the mini van. today
> > > > >
> > > > > On Sat, Jan 4, 2014 at 10:50 AM, Kelly Friendly <[redacted] >
> > > > > wrote:

> > Excellent. I will email him now.
> >
> > If it's not too much of an inconvenience we would love to use the car. Is it available around 3? We are staying by the airport....
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> > Kelly Friendly
> > [redacted]
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> > > [redacted] . andrew farkas is flying tomorrow. please contact him directly and as soon as you are ready i will organize the use of my car.
> > >
> > > On Sat, Jan 4, 2014 at 10:44 AM, Kelly Friendly <[redacted]> wrote:
> > >
> > > > Fantastic. If possible, could my daughter [redacted] (age 11) and I go back with Mr. Farkas?
> > > >
> > > > Please let me know how best to follow up. We may have found a condo by red hook but haven't found a car yet.
> > > >
> > > > Let me know how to follow up.
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> > > > [redacted]
> > > >
> > > > On Jan 4, 2014, at 11:39 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> > > >
> > > > > my friend andrew farkas has a pretty full plane to ny tomorrwo but can take 1 or 2 of you. i can call other hotels wher we have pull.. my cars and drivers are at your disposal.
> > > > >
> > > > > On Sat, Jan 4, 2014 at 10:37 AM, Kelly Friendly <[redacted]> wrote:
> > > > >
> > > > > > Mr. Epstein:
> > > > > >
> > > > > > I work for Larry Summers and as you may have heard, we are stranded in St. Thomas and the airlines are saying we can't get out until Thursday.
> > > > > >
> > > > > > Our names:
> > > > > >
> > > > > > Kelly Friendly
> > > > > > Andrew Friendly
> > > > > > [redacted]

My cell is below or you can reach my husband Andrew Friendly on his cell at [redacted] You may have met him when he was President Clinton's aide.

We would be so grateful for any help you could provide.

Kelly Friendly
[redacted]

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Date: Monday, January 6 2014 12:29 PM
Subject: Re: Larry Summers
From: Kelly Friendly [redacted]>
To: Jeffrey Epstein <jeevacation@gmail.com>;
CC: Andrew Friendly <[redacted]>;

Andrew and Caroline would love to come see the island! I've cced him to work out the details....

Happy New Year!

Sent from my iPhone
On Jan 6, 2014, at 5:58 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> glad it worked out. if you husband woudl like to see the island this week i will arrange it.
>
> On Sun, Jan 5, 2014 at 9:40 PM, Kelly Friendly <[redacted]> wrote:
>
> > Mr. Epstein:
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> > Many, many thanks for your overwhelming generosity. [redacted] and I flew home today with Mr. Farkas and his family. They took very good care of us and they couldn't have been nicer. Andrew and [redacted] are still stuck in St. Thomas, enjoying the use of your car.
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Andrew Friendly
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Kelly Friendly
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Date: Monday, January 6 2014 12:40 PM
Subject: Re: Larry Summers
From: Kelly Friendly [redacted]
To: Jeffrey Epstein <jeevacation@gmail.com>;

He can be reached at:
[redacted]
or
[redacted]

Kelly Friendly
[redacted]

On Jan 6, 2014, at 7:37 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:

> send me andrews details.
>
> On Mon, Jan 6, 2014 at 7:29 AM, Kelly Friendly <[redacted]> wrote:
>
> > Andrew and [redacted] would love to come see the island! I've cced him to work out the details....
> >
> > Happy New Year!
> >
> > Sent from my iPhone
> > On Jan 6, 2014, at 5:58 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> >
> > > glad it worked out. if you husband woudl like to see the island this week i will arrange it.
> > >
> > > On Sun, Jan 5, 2014 at 9:40 PM, Kelly Friendly [redacted] > wrote:
> > >
> > > > Mr. Epstein:
> > > >
> > > > Many, many thanks for your overwhelming generosity. Catherine and I flew home today with Mr. Farkas and his family. They took very good care of us and they couldn't have been nicer. Andrew and Caroline are still stuck in St. Thomas, enjoying the use of your car.
> > > >
> > > > We are extremely grateful for everything you have done for us.
> > > >
> > > > Happy New Year and hope to see you next time you are at Harvard.
> > > >
> > > > Fondly,
> > > > Kelly Friendly
> > > >
> > > > On Jan 4, 2014, at 1:06 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> > > >
> > > > > glad to help

On Sat, Jan 4, 2014 at 1:05 PM, Kelly Friendly <[redacted] > wrote:

> Ann brought us the car. It's wonderful, thank you so much.
>
> We are so grateful for your generosity...
>
> Kelly Friendly
> [redacted]
>
> Sent from my iPhone
> On Jan 4, 2014, at 12:21 PM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
>
> > you will get a call from either jermain, or cecile (the governors wife and my asst)
> >
> > On Sat, Jan 4, 2014 at 10:54 AM, Kelly Friendly <[redacted] > wrote:
> >
> > > Thank you! We are so grateful....
> > >
> > > Sent from my iPhone
> > > On Jan 4, 2014, at 11:52 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> > >
> > > > jermaine , please organzie kelly to have use of the mini van. today
> > > >
> > > > On Sat, Jan 4, 2014 at 10:50 AM, Kelly Friendly < [redacted] > wrote:
> > > >
> > > > > Excellent. I will email him now.
> > > > >
> > > > > If it's not too much of an inconvenience we would love to use the car. Is it available around 3? We are staying by the airport....
> > > > >
> > > > > Kelly Friendly
> > > > > [redacted]
> > > > >
> > > > > On Jan 4, 2014, at 11:46 AM, "Jeffrey Epstein" <jeevacation@gmail.com> wrote:
> > > > >
> > > > > > [redacted] . andrew farkas is flying tomorrow. please contact him directly and as soon as you are ready i will organize the use of my car.
> > > > > >
> > > > > > On Sat, Jan 4, 2014 at 10:44 AM, Kelly Friendly < [redacted] > wrote:
> > > > > >
> > > > > > > Fantastic. If possible, could my daughter [redacted] (age 11) and I go

back with Mr. Farkas?

Please let me know how best to follow up. We may have found a condo by red hook but haven't found a car yet.

Let me know how to follow up.
Kelly Friendly
[redacted]

On Jan 4, 2014, at 11:39 AM, "Jeffrey Epstein" < jeevacation@gmail.com> wrote:

> my friend andrew farkas has a pretty full plane to ny tomorrwo but can take 1 or 2 of you. i can call other hotels wher we have pull.. my cars and drivers are at your disposal.
>
> On Sat, Jan 4, 2014 at 10:37 AM, Kelly Friendly < [redacted] > wrote:
>
>> Mr. Epstein:
>>
>> I work for Larry Summers and as you may have heard, we are stranded in St. Thomas and the airlines are saying we can't get out until Thursday.
>>
>> Our names:
>>
>> Kelly Friendly
>> Andrew Friendly
>> [redacted]
>>
>> My cell is below or you can reach my husband Andrew Friendly on his cell at [redacted] You may have met him when he was President Clinton's aide.
>>
>> We would be so grateful for any help you could provide.
>>
>> Kelly Friendly
>> [redacted]
>
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Date: Saturday, October 8 2016 08:05 PM

From: jeffrey E. <jeevacation@gmail.com>

To: Jeffrey Epstein <jeevacation@gmail.com>;

It's an absurdly vast house, among the largest in Manhattan, but the dining room is grand but peaceful, creating a hermetic or stop-time sense, broken only by the household staff ferrying in time-of-day-appropriate exotic foods and beverages.

The real world seems terribly far away, but with paparazzi often posted near by, it's dangerously close too. Once I arrived for a visit and found several police cars blocking the street and thought the worst—they'd come for him . But it was a massive security detail for a well known head of state who had come for tea.

We met several years before he became arguably the world's most notorious sex offender. In 2002, his plane, a meticulously appointed 727, ferried a group of people to the TED conference in Monterey. He was the mysterious and peculiarly gracious host arriving after everyone had boarded: tanned, relaxed, attentive, soliciting every guest's story and views, and accompanied by three young women not his daughters, witty, poised, helpful, and beautiful—out of a men's magazine fantasy of the luxe life.

One more thing about this trip suggesting something of his unique view of the public world and what you got to see when you are near him. Google founders, Larry Page and Sergey Brin, with their company rising into the stratosphere, came out to see his plane on the Monterey tarmac and, with a few other Googlers, literally ran whooping from one end of the plane to the other. Then, sitting in the plane's plush living room, they described, in what I could not be sure was a put-on or entrepreneurial brainstorm, the future of search ..

Since that trip, and through his travails, I have often been invited to his house to participate in the conversations of the newest ideas that often take place there.

In sweatshirt, draw-string pants, palm beach slippers, and half glasses, Jeffrey Epstein—that Epstein, most recently embroiled in charges involved under age women ,Alan Dershowitz and Prince Andrew—spends most of his day at his dining room table in the in front of a laptop and beside a row of reading glasses (there are a lot of them in case, apparently, he misplaces a pair, but being quite meticulous he never does) conducting what must surely be the world's most extraordinary colloquial. Pictures on the table have Jeffrey and prime minister, princes, leading scientists.with fidel castro next to the photo with pope , I guess his attempt at levity.

These meetings, and this lifestyle, have somehow stayed private or secret—or apart—not out of any formal or stated restrictions, but because, in some sense, it would be very hard to explain just what you're doing there with a well known sex offender in a mouth dropping home flaunting all moderation.

And yet, defying controversy , and tolerating his societal tone deafness—or shy attitude toward the zeitgeist—still so many come. Gladly. Willingly. Feeling that his invitation is frankly quite an extraordinary privilege.

Among his frequent guests is Bill Gates, for whom Epstein has become a friend, proposing a way to leverage the resources of the Bill and Melinda Gates Foundation to accommodate many other fortunes, so that, Epstein explains, "you might join 10 or 20 billionaires on one giving project." They can leverage your unique experience and expertise in the philanthropic world and learn from your early mistakes.

As part of a many friends encouraged effort to get "out in front" of the notice that might be expected when it was revealed the number and wide diversity of the most rarified thinkers of our generation that come to visit . Epstein agreed to a limited on-the-record conversation with me.

His subject, on a morning in late fall, sitting at the dining room table—its humorous but baronial quality disturbed by an ever-present white board—is "hyper wealth." His subject is always wealth—how capital , in uber amounts should react to the given new global political, economic, and cultural moment.

His stock in trade is not the making of money, (his proletariat background not withstanding) but the issues that arise when wealth growing at a heretofore unimaginable rate, makes its entrance , altering many basic economic, social, and personal calculations. Watching his presentation recounts a math class of the mighty. The professor at the blackboard and the students (the titans), still hoping they are not called upon to answer a difficult question.

He recounts a dinner he had two nights before. The scene is, like much of what he does, a conspiracy theorist's fantasy—the six men at this dinner, all technology entrepreneurs, representing, together, over a hundred billion dollars and now trying to figure out how to use their resources in order to help shape the world.

Missions to Mars, age reversal. understanding the big bang, teleportation , Artificial Intelligence and Synthetic Biology are this weeks topics.

"In the past, only governments had this kind of money, money of a truly altering scale," says Epstein in a chipper and smoothed-out Brooklynese. "In fact, it used to be that the rich, reaching a certain point of philanthropy, merely hoped to help make the world a better place, now they want to question some basic assumptions and try change the world. Rockefeller and Carnegie were, as examples of social-engineering philanthropy, unique for their time . They alone had such resources and will. Now you have legions of people who must at some point (hopefully before death, but eventually non the less) transfer vastly larger fortunes than Rockefeller or Carnegie had at their disposal, or might even have imagined.

"Except that it turns out it is actually hard to give away this kind of wealth, without unintended negative consequences that may cause as many problems as you're solving."

Epstein's long-time business thesis is that the hyper rich know very little about the essence of money. They may know about their own businesses, but the great sums that are realized as a result are ultimately an afterthought and demand an entirely different sort of intellectual discipline. The Forbes 400, says Epstein, not immune to an amount of wonder, increased their wealth by $500 billion last year, meaning, in effect, that on average every Forbes-list billionaire makes more than another billion every year. And, points out the 63-year-old Epstein, they will almost all be dead in 50 years, most well before that, meaning $4.2 trillion, compounding everyday, will eventually willhave to be transferred to new hands . "So, to understand the future, what you have to begin to do is follow the money, not in Watergate- like terms backwards, as in who has gotten it, but forwards to where it will go and who will get it."

Epstein can find himself echoing aspects of Thomas Piketty on the inequities of the accumulation of wealth ("the divide is between people with assets, which appreciate, and people without assets, who fail to advance—that is, of course, the miracle of compounded interest"), except for the fact that Epstein, knowing the rich, understands a point that Piketty doesn't: "Nobody, nobody, of the hyperwealthy wants to give it all to their children. Everybody now has the modern appreciation that one of the curses of great wealth is that its burdens are in many cases too much to handle. One of his rules for the younger generation eventual recipients is that they all take accounting classes. Along with a video tape of the parents discussing their views on money. This acts as the bible for the too often conflicts amongst following generations

Epstein's role in this discussion of the private allotment of what is in fact a decent fraction of the U.S. Gross Domestic Product is not only as an experienced philanthropist himself but as a sort of adviser or brain—the " rich whisperer"—making him, in addition to his own vast wealth (two private islands , one for guests) , arguably among the most influential people you've only heard of for reasons that have absolutely nothing to do with his influence.

Epstein sometimes seems to have an out-of-body attitude toward his own fate and bad press—that's something that occurs and there is little one can do in the parallel world of the lunchbox crowd . Not long ago, when I met him for lunch in New York, he noted that he hadn't been out to eat out in a restaurant in ten years. It was a not particularly pleasant experience for him and we were done in 30 minutes. (He said he couldn't connect with so many distractions)

On the other hand, Epstein's life sometimes may seem part of a challenge: not just look at me, but, even I can't believe what you see? But, perhaps, he is just naive to what others are thinking: a negligent and in a sense childish tone deafness.

Press accounts recycle the mysterious billionaire mythology—a man of vast and unsourced riches living in a parallel world of absolute entitlement—with brief glimpses of him stepping out of the house (the same photos endlessly republished), and the assumption of wrongdoing inside.

In fact, the life in the house, without wife or children or conventional domestic demeanor, rather conforms to the scripted fantasies: somewhere between Daddy Warbucks and Eyes Wide Shut. There is indeed a group of young women—in their twenties and thirties—who act as Epstein's support staff and companions. Some have worked for him for many years, marrying, having children, and continuing as part of his business and household infrastructure. One woman, on an afternoon when I was there, had just returned from an around-the-world honeymoon that Epstein had arranged for her. Some are, or may have been, his romantic interests. One former girlfriend, Eva Andersson Dubin, a Swedish model and Miss Universe finalist whom Epstein has known for more than thirty years, became one of new yorks top doctors—Epstein helped finance her medical school education —She married hedge funder Glen Dubin. Together they financed the Dubin Breast Center at Mount Sinai Hospital.

Epstein will sometimes move a meeting in his dining room outside to Central park—his idea of going out to lunch is a Sabrett's hot dog—with the various young women in the house acting as the accompanying entourage, as though something out of an 18th-century French court.

But the Hefnerian like attitude can also at the flash turn to sharply honed financial discussion. The highly poised young women in a mansion on the Upper East Side with various office responsibilities remind me of the various uptown art galleries in the surrounding neighborhood. They mingle freely with his hyper powerful guests, not so much as hostesses—or, in tabloid language, harem-like "sex slaves"—but as attentive colleagues (which, of course, might be regarded by some as having its own fetish-like attraction). Epstein explicitly denies , and is seconded by the group that there is no sexual quid pro quo. ("If you're sleeping someone you work with they then believe they can come in late—that's what Jimmy Goldsmith used to say.") Still, the constant attendance of so many comely young women, seems so outside of conventional living or staffing or social or romantic relationships that it is hard to describe in a straightforward or non- smirky way. And while it has been said that it may be part of the appeal for the men who come to visit Epstein, it is as well a peculiarity for them that they merely put up with in order to spend time with him.

The Epstein house/office is, by careful design, exclusive and clubby, part hang out, part secret society. Along with the fact that, even after his jail term, the rich and powerful have continued to so eagerly solicit him, it's also notable in the fixed hierarchy of who comes to whose turf, that, when they want to see Epstein, they tend to come to him. He's created a world and you enter it. Many arrive in weekend clothes. or as one world leader said , Ah here i can come in sweat clothes .

His conversations are less meeting-like—focused and agenda-driven—then narrative therapy . In effect: the outside world comes to Epstein's and he eagerly solicits reports. It's a real time newspaper, or the news you don't read in a newspaper, market movements before they occur, geopolitics with the ultimate decision makers at the table, the health and personal eccentricities of some world leaders, discussions in hushed tones of the next high level government appointments soon to be announced.

It's Sunday lunch—in his schedule from a week last fall—with Gates, Mort Zuckerman, the real estate billionaire and owner of the Daily News, and Peter Thiel, the PayPal co-founder and early Facebook investor. That evening its Sheikh Hamad Bin Jassim, the foreign minister of Qatar. Hamad lives across the street in a similarly furnished house—he and Epstein have the same decorator. (Epstein, in his relaxed and amused manner, keeps prodding: "Why are you financing the bad guys? What do you get out of that?")

Next morning, Epstein is joined for breakfast in the dining room by the lawyer Reid Weingarten, who's represented, among other fat cats in trouble, Worldcom's Bernie Ebbers and Goldman Sachs's Lloyd Blankfein. Weingarten, hoarse with a cold, is still lamenting his failed defense of former Connecticut Governor John Rowland. (later to be overturned on appeal) After a blow-by-blow of the trial, they discuss the Qatarian's visit—Epstein served chocolate made with specialy chosen pistachios grown on the Sheikh's farm—and speculate about who actually controls ISIS, with Weingarten arguing that the Turks are not getting enough scrutiny. Weingarten represents Gulen , the U.S. target of the Turks, There is, in Epstein's dining room, always an alternative version of world events—"perception versus reality," says Epstein, "not to imply that one necessarily has greater weight than the other."

"Why," I ask Weingarten, when Epstein briefly steps out of the room, "do so many people keep coming back here, everything considered."

"Why we camp out here? I guess because there's truly no other place like it."

Epstein summons in the next person cooling his heels in the ante-room. It's a young man named Brock Pierce, an active investor" in Bitcoin and the programmable currency space. Epsteins blackboard gets quickly filled with the details of the Bitcoin blockchain mathematics,

After a bit, Epstein invites his next appointment to join them: Larry Summers, the former treasury secretary and President of Harvard, off Diet Coke, digs deep into the Sheikh Hamad chocolates, then focuses in on the Bitcoin investor.

"Okay," he says, after listening for a bit to Pierce and his update on the rapid Bitcoin price swings, "I have opportunities here. But an additional feature of my decision problem, roughly speaking, is that the worst that could happen to you is that you could lose all the money you put into it. Whereas, I could go—I mean I don't look that great now—but I could go from being seen as a figure of some probity and some intelligence to being a figure of much less intelligence and much less probity…"

"Well," says Pierce in seeming dramatic understatement, " no question I expect as in any nascent business one is going to have some low quality characters playing early in the space…"

That evening, in the Epstein dining room (he seems rarely to use the rest of the house's 50,000 square feet), there is a small cocktail party, which includes the former Prime Minister of Australian, Kevin Rudd, and Thorbjørn Jagland, the head of the Nobel Peace Prize Committee, who offers an affable, but generally scathing, critique of U.S. diplomacy (and a brief defense of Obama's Peace Prize award) and to whom Epstein offers a ride back to Europe on his jet.

The next morning, it's Ehud Barack, the former Israeli Prime Minister, for breakfast. Barack is, over his omelet, able to defend both Obama and Putin. Then a high ranking official from the Obama White House, whose name I am asked not to use. There follows the former head of the UN Security Council, Hardeep Purie, and then head of the central bank of Kazakhstan, Kairat Kelimbetov. Then Nathan Myhrvold the former chief technology office at Microsoft. Then Martin Nowak, a Professor of Biology and Mathematics and Director of the Program for Evolutionary Dynamics at Harvard, the institute that Epstein has funded with $30 million. Part of Nowak's research has to do with trying to "describe cancer mathematically." (Epstein preempts Nowak's explanation : "Think of cancer the same way as you think of a terrorist group. The NSA has been able to thwart a great number of terrorism acts by intercepting communication signals from one terrorist to another. That same dynamic, a form of signal intelligence, of finding a terrorist in Europe, can be used to intercept communication between cancer sells. Cancer cells merely communicate in protean code rather than electronic code. If you can decode what the signals are saying you can jam those signal between terrorist calls—essentially wipe out their cell phones. Likewise if you can decode biological signals you can jam them too, that's the holy grail.")

Then Richard Axel, a Nobel prize winner in physiology. Then Ron Baron who has $26 billion under management in his Baron Fund. Then Josh Harris, the co-founder of Apollo Global Management ($164 billion under management) and owner of the New Jersey Devils and the Philadelphia 76ers.

The question is why, in the face of such public flogging , with the paparazzi so near,do the high and might still come?

Perhaps simply that it's intelligence of a high order. Not just market moving information, but Epstein and Summers trying to unravel the conundrum of zero interest rates, or Epstein and Noam Chomsky on memory and language, or Epstein TK…

What goes on at Epstein's house might seem just to confirm everyone's worst fears about power and the powerful: it's all insider stuff. But the conversations at Epstein's are the conversations, I suspect, that rich men dream of, but in the real world, such a buttoned-down and agenda-driven place, are actually hard to have.

"That's Jeffrey," says Mort Zuckerman, (whose paper, the Daily News, is ever vitriolic in its coverage of Epstein), with a twinkle in his eye.

On Epstein's part, there is the wink: In his Paris apartment, 10,000 square feet on the Avenue Foch, a neighborhood otherwise occupied by foreign potentates, there is a stuffed baby elephant in his living room—that is, the elephant in the room. (Epstein says too it's a reminder that elephants have 23 copies of cancer tumor suppressor genes and humans have only 1.) Epstein has a yet more structural explanation as to why, after prison and with continuing tabloid infamy, he can maintain his valued place. It comes back, not unexpectedly, to the nature or the needs of money: "At a certain level of finance, almost everyone is allied with an institutional interest. You are part of government, or you want to be in government, or you are connected to a bank or other portfolio, or you have key relationships with certain corporations or industries. Because of my situation, I have none of that. I have no institutional ties which makes me in some sense one of the few wholly independent sources of advice - an actual honest broker. That I guess could be described as the usefulness of a "colorful reputation"

In some sense, too, it is perhaps generational: Most everyone who is now of a certain age and ambition and status grew up in, and found they were temperamentally suited to, the era of wealth that started in the late

1970s. A meritocracy on steroids, or, as Vanity Fair would baldly dub it, the new establishment, an increasingly parallel world, a self-invented one, at further and further remove from the ordinary one.

Epstein often tells his middle class to riches tale: born in 1953 in Coney Island, father worked for the city's Parks Department, mother a housewife.

The captain of the math team at Lafayette High school in Bensonhurst, he went on to Cooper Union where the tuition is free. He dropped out after two years. Without a college degree, an unsolved mystery , he got a job teaching math and physics at Dalton in 1974. (A few years ago, during a chance encounter with a former Dalton math department chairman, Margo Gumport, I asked her about Epstein. She said he was the most brilliant math teacher at Dalton in her 50-year career and that she had often wondered what had become of him.) Dalton fathers perhaps sensed in him a young man on the make. Punch Sulzberger, the publisher of the New York Times, and a Dalton father at the time, tried to recruit Epstein to come to the Times. (Epstein recounts a story of riding with Sulzberger in his faux wood paneled station wagon to the family's country estate and Sulzberger talking to the chauffer on a phone from the backseat to the front.) Another Dalton father, asking "wouldn't you rather be rich than be a teacher?" introduced him to Bear Stearn's chief Ace Greenberg.

Hence, Epstein, like many in the late '70s, arrived on Wall Street.

If on one side of Wall Street there were the salesmen (the Wolf of Wall Street model), on the other side there was a new sort of finance type able to embrace a level of acute abstraction. "In the past," says Epstein, "investing was all about reputations and relationships. You invested in a company on the basis of who was running it. Did they have integrity? Were they married? Good family men? It was a '50s mentality. But in the mid '70s stock options started to be traded. In essence, the first version of formal derivatives. The movement of the instrument was not directly attached to the stock price but a derivative of it. The world of investing began turning from relationships to math. In a sense I didn't really know how to make money , as I produced little. I merely tried to learn how to "create" money.

He soon became the protégée of Jimmy Cayne (also hired by Ace Greenberg on a whim—he met him in a bridge game), who would go on to run Bear and to lose his fortune in Bear's 2006 collapse). Epstein's leave-taking or ouster from Bear was the result of politics, envy, overreaching, or a securities violation, or…unclear. But, no matter, when he left in 1982 he took with him billionaire clients, including Marvin Davis, a real estate developer who owns Twentieth Century Fox, and Herb Seigel, a major media investor in the 1980s. At this point, Epstein was dating Morgan Fairchild, a television star in the new mega-rich-family soap operas, Dallas and Falcon Crest.

If the '80s were happening pell mell in New York, they were happening at double time and catch up speed in London. "I would head to Kennedy Airport and, on the theory that most important events in one's life are serendipitous, I wouldn't decide where I was actually going until I got there." Thirty-year-old Epstein was living a Lifestyle of the Rich and Famous (he befriended the show's star, Robin Leach), at English shooting parties and country estates with Saturday night black tie dinners, where he was meeting the over-the-top families of Europe.

At the same time, he was developing a perception, or, at least a market differentiation: the hyper wealthy had different problems than the very wealthy. Dealing with a billion dollars was different from dealing with $10 million. "The traditional wealth service structure, an accountant, and investment advisor, a personal lawyer, and an less that stellar brother-in-law, became hopelessly outdated as amounts exponentially increased. You can't spend a billion dollars, you can just hope to reallocate it to different investment classes. And you can't give away a billion dollars without a vast staff, in effect going into a new give away business at its core just another business. However one you are likely to know little about."

For a period, one part of his activities, he says, was recovering looted monies . Then, in his telling, he was representing a series of vastly wealthy people and families—helping them to navigate the ambitions of their wealth. If they had big dreams before, it's nothing to what they can have now.

If early in his career he might have seemed like a sort of George Peppard (there's a physical resemblance) in Breakfast at Tiffany's, a charmer , later he's George Peppard in Banacek, smart and astute.. At just about this point in the narrative, the mystery about Epstein began to circulate in social circles. Epstein had acquired the major symbols of wealth but without obvious position, public holdings, or overt paper trails. His is a substrata of super wealth, i.e. without institutional establishment credentials or academic bona fides. He's a freelancer. That's the rub: he's free. i.e. doesn't work for anyone.

Sure, Goldman Sachs partners and tech geniuses, they might have stratospheric wealth, but what to make of a

Coney Island, Zelig-like silver haired financier.

In 1994, just at the moment when Prince Charles was on television acknowledging his love for Camilla Parker Bowles, Jeffrey Epstein was sitting with his arm around Princess Diana at a dinner at the Serpentine Galley in London (Diana wearing her "revenge" dress that evening). Graydon Carter, in his second year as editor of Vanity Fair, was also at the dinner. Epstein's rise and Carter's rise are not, with a little critical interpretation, that different. Both are a function of the age of new money, both are helped by strategic relationships with the exceptionally wealthy, both have made themselves up. To say that Epstein, in the company of the Princess, stuck in Carter's craw would be an understatement. Epstein became one of the "what do you know about him" figures in Carter's gossip trail—a story waiting to happen. Carter once advised me not to go to Epstein's house or accept a ride in his car least I risk being put under his spell, . ("For what?" I asked Carter. "You can't even begin to imagine," said Carter.)

He joined the board of Rockefeller University. And then he was suddenly on the Trilateral commission, that cabal of business people who are fancied by some conspiracy buffs, as the group running the world. He bought, from his client Limited Founder Les Wexner, the largest private house in Manhattan. He bought an airplane. Then another. He expanded his holdings in New Mexico. He began a Xanadu-like refurbishment of his Caribbean Island and then bought the neighboring island for guests.

He befriended Bill Clinton in his new after-office life—and that would prove to be quite the fatal pairing.

The post-Monica Clinton, now having pardoned the on-the-lam financier Marc Rich—at this point, before his own rehabilitation, Clinton was considered the world's ultimate sleaze ball—was suddenly being ferried around in the jet of…who exactly? The New York Post was the first to take formal media note of the Clinton-Epstein connection, hinting at a sex and money bromance. "I suppose travel with Clinton changed the arc of my life," Epstein tells me. "There were, I knew, lots of obvious reasons not to do it, but having the ability to spend 100 hours with a former president just doesn't happen to many people."

I met Epstein around this time, on the flight out to TED. Not long after this trip, Epstein's assistant called to invite me for tea at his house in New York, where Epstein, with what seemed to me a dearth of understanding of the subject, began to ask me about detailed and focused questions re media—the upside, downside, and nature of media coverage. (Epstein's very brief flirtation with the media would result in his backing an unsuccessful effort, of which I was a part, to buy New York Magazine in 2004.)

New York magazine was then soliciting him for a profile, as was Vanity Fair, who had assigned the British tabloid journalist, Vicki Ward, to the job. Both profiles—New York's by Landon Thomas—pivot on the Clinton connection and detail the same quandary, how a man without clear institutional bona fides nevertheless achieved such magnificent wealth and substainal influence. Epstein, sensing that he might be exposing himself, called Carter and said he was having second thoughts about being a public figure.

"Then you should have lived in a two bedroom apartment in Queens," responded Carter.

And then the real troubles began. Epstein had a prodigious massage parlor outcall habit especially in Palm Beach with its many "Jack Shacks." After Epstein's round of publicity and widely touted association with Clinton, the stepmother of one of the massage parlor girls who went to Epstein's house called the police. The police interviewed the girl—who was TK at the time, but whose website identified her as 18—and the girl supplied the names of other girls, some of whom were also younger than 18.

In the end, the police tracked down 18 girls—nine of whom were under 18; the others were in their 20s and 30s (one woman was in her 60s)—a number of whom gave statements describing happy-ending massages. (Although the nature of the allegations will dramatically grow into threesomes and forced sexual encounters, nobody at this point alleged anything more than this.)

Epstein called in Dershowitz, who flew into Palm Beach to put the local authorities in their place—alienating Palm Beach officialdom—and, further amping up the profile of the case, also brought in Roy Black, the famous criminal attorney who defended William Kennedy Smith in his rape trial in Palm Beach.

The release by the Palm Beach authorities of the depositions by the 18 girls describing the incremental details of the sex acts, the timing of the charges coming just after Rush Limbaugh's high profile Palm Beach drug bust, the Clinton connection and then with the sudden interest of the Bush FBI in the case, moved the case from solicitation to scandal, and a plea deal with a sentence of 18 months.

He got out of jail in 2010, serving 13 months, of incarceration and then 12 months of house arrest and moved mostly seamlessly back into his life, to the shock-shock of tabloids whenever they are reminded of his existence (notably, when Epstein's payment of Fergie's debts slipped out, likely leaked by Fergie herself).

Some things changed. While surprisingly few others dropped him, the Clinton's did, an irony of the present tabloid interest in Epstein's old address book with its many Clinton contacts. And his sex offender status has transformed him from libertine playboy to sex offender in tabloid parlance.

While he has regularly entertained PR proposals aimed at his public rehabilitation, until Friends prodded him, and until this recent renewed tabloid fever, Epstein had concluded that he was perfectly satisfied living behind high walls and in his own exclusive club. Even the recent Dershowitz-Prince Andrew chapter seems like a parallel disturbance rather than something that is actually affecting him. His friends are as loyal as one could only hope for . In speaking to quite a few, without exception they stand behind their trust and like a christain chorus, all say , if you only knew the real story. but Jeffrey has not made any public statements But true or not, the story has taken on a life of its own, with the US and British tabloid press continuing, so far unsuccessfully, to search for a smoking gun connecting Clinton to underage girls, which could have—many obviously hope—the effect of derailing the Hillary Clinton presidential campaign.

It is a curious attribute of his character that, other than perhaps being more circumspect about what legal advice to follow, Epstein would have done little differently. (When I suggested recently to Epstein that one obvious way to blunt the animus bearing down on him would be to get married, he said he'd rather go back to jail.) His life, living it as he wants, seems to him to be an extraordinary accomplishment. Being on the wrong side of a groups morality, custom, politics, the media, that's just a bit of bad luck.

And it is perhaps this attitude of his that irks his critics the most. Although he has spent more than a year in jail and paid out what may be as much as $20 million, he yet seems somehow to have not been damaged as they would prefer. -thats worst sin of all. He is the unrepentant catchall of up-to-the-minute badness: the financier whose wealth is a product of Wall Street math rather than work; a rich good looking ,white man who not only parades his wealth and entitlement, but has a Peter Pan complex to boot; an insistent playboy (excuse me, sex offender) in a correct and prudish world—someone who somehow didn't get the memo about vast changes in mores and culture.

But Epstein's friends—and I think that is, in the end, the best word for the powerful people who orbit him—are willing to support him and are willing to expound on his virtues. Generous philantroppy, science funding at he highest levels and a freedom of discourse that borders on dissent but often is the inspiration for great ideas. . Epstein is their sole confidant in many instances, Not the only nexus of them, but one of them. Dr. Epstein. may i Lay on your couch. This is the back and forth, the power loop. His expertise is knowing what other people want to know, combined with a lightning fast mind . Which surely offers those who are a part of the conversations a unique sense of confidence that they too now can understand how the world of money works. And in a time of such radical flux and existential instability, everybody wants to seek out someone who might have some answers or at least make you feel like he does—even, and maybe especially, the rich.

In the last days of my interviews with Epstein, he was called by a particular world-stage individual, among the richest and most powerful—proudly louche himself—who, feeling out of his depth in a world of crashing oil prices and wild currency fluctuation, had come to believe he might benefit from some private tutoring. Epstein welcomed him to the club.

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From: Thomas Jr., Landon [redacted]
Sent: 11/14/2016 3:32:12 PM
To: Jeffrey Epstein [jeevacation@gmail.com]
Subject: Fwd: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....

Importance: High

The latest thinking from London hedge fund crowd
---------- Forwarded message ----------
From: **Ozan Tarman** <[redacted]>
Date: Mon, Nov 14, 2016 at 9:40 AM
Subject: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....
To:

Classification: Public

EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because Hillary bets worked as Trump trades.

Wider, steeper core rates, stronger USD, weaker EM is the Rage. The last one, EM, is the big loser out of Trump Reflation Theme. DM over EM and divergence within DM are very much in vogue. All gains of EMBI since March are gone!

For Rates & FX, it does feel like early days of Taper Tantrum trade of 3 years ago. Both dominated by US price action. In both, hedge funds have now caught the moves, play offense & ride the Trump narrative. Real Money is on the ropes, caught long Fixed Income/duration/carry and cannot play defense fearing Outflows.

In Emerging Markets, most outflows are retail, ETF driven. All eyes on next leg of institutions. In equities, banks big winners; FANGs losing. I asked partners 2 questions. 1) Would the "this will be great for business, feel good factor" wave out-run "if real yields go up, equities are a sell" fear. Clients are torn, but the former, bullish camp wins for now, my colleagues suggest. There are skeptics though.

2) In Europe, do fears over Renzi losing & Le Pen winning climb over the big momentum behind banks etc. Again, my equity team suggests, "no, reflation wave may win over Italy referendum anxiety,, for now." Renzi is now widely expected to lose, so a "yes" would be the big surprise trade. And the bigger elephant in the room is Le Pen. If she wins in May, Europe as we know it may really shake.. But for now this is more in the radars of Euro & EBG traders.

Core rates are driven by the speed of TY sell-off. And in G5 FX, the big driver is USD/JPY. The stronger "we should believe in Trump reflation narrative" winds are, the more USD/JPY buyers we see.

Some in Research warn that Trump may succeed in "tax cuts, faster than any infrastructure spending," but few macro are in mood to listen. A few players believe, looking at trade weights of each with US and magnitude of sell-off, Asia FX may have more weakness to come than MXN. Will copper/infrastructure rally eventually help Chile?

Most macro love NKY, willing to love it more. Bringing it home; fast macro money players are rushing to erase losses, year long pains through wider rates, longer USD, weaker EM, stronger equities.

Real Money is in defensive, remembering Taper Tantrum days, fearing institutional outflows & forced selling of carry hope positions.

Those who want to "fade" Trump rally, seek valuation in EM, believe core rates can tighten to get a breather are in Minority.

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

A POLITE INTERVIEW

"Skin So Thin, It's Inside Out"

Ethan Persoff talks with **Paul Krassner** about running *The Realist*, hacking *The New York Times* Bestseller list, and that "true, extraordinary liar," Donald Trump.

◆

In the late Fifties, three things radically changed the course of American comedy: Lenny Bruce, The Second City, and The Realist. *From its first issue in the Spring of 1958, Paul Krassner's iconoclastic "journal of freethought and satire" created a comedic template that is still being followed today; its mix of fact and intelligent opinion delivered with a mordant, knowing skepticism, is as current as John Oliver and as omnipresent as the entire internet. But you don't hear much about* The Realist *these days — it's the fate of truly seminal sources to seem inevitable, when in fact they reshaped the world in their own image.*

*Fortunately, in 2006 Krassner teamed with archivist/comic artist Ethan Persoff on The Realist Archive Project (*http://www.ep.tc/realist/*), a free online repository of every issue of the magazine from its 43-year run. They recently collaborated again on a deluxe coffee table book,* The Realist Cartoons, *published by Fantagraphics.*

The election of Donald Trump seemed to be a particularly Krassnerian moment, so I asked Ethan to call Paul and ask a few leading questions. — MG

ETHAN PERSOFF: Paul, what's your opinion of Trump?

PAUL KRASSNER: Where to begin? Personally, for me, it goes back to when George Bush won the presidency in 2000. That was due to the electoral college, even though Al Gore had won the popular vote.

That same time, Hillary Clinton was elected Senator. She announced, publicly, the first thing she was going to do was get rid of the electoral college.

Years later, I was doing a column for *The New York Press*, and I sent Clinton a letter asking her about the status of her promise. She didn't reply.

During the campaign, Trump called Clinton a crook —

EP: Right, "Lock her up".

PK: —he called her a crooked businessperson. But that's what *he* was. Everything he says about anybody is really about him. He's a true, extraordinary liar.

EP: What's your opinion of his "fake news" media scolding?

PK: Another example of projection. He calls the newspapers dishonest, because he is, in fact, the most dishonest.

Trump became an insanely narcissistic dictator once he won, bragging about his electoral numbers as proof. But prior to that, he endlessly insisted the electoral college was a sham. That, to me, wins the prize for irony.

EP: I have to wonder, what if Clinton had won the electoral count, but lost the popular vote?

PK: Oh, then he would have said it was rigged.

EP: Lock her up!

PK: When I wrote the letter to her, it was partly because I'd heard the electoral college was based on slavery.

EP: And there's gerrymandering, which is also racist.

PK: Yes. You know, the thing with Trump, is there's talk of anything from impeachment, assassination, treason ... But that leads to more irony, because that would leave President Pence. Pence has just as much an interest in turning evolution around, and going back to barbaric times, but has the ability to pass as sane. Trump can't do that.

EP: Do you think Trump's madness is an asset to his opposition? He's such an easily identifiable lunatic, does that provide for a sense of protection, as opposed to Pence, who is so much more canny and quiet?

PK: There's fear of Trump, and then there's dictatorship in action. The things he's been doing are disgusting -- these appointments! Like Rick Perry for Dept of Energy. It's so insane. And then, Betsy DeVos. No education experience ... I think even starting in kindergarten. *(Laughter)*

EP: Yes. Everyone has their own personal thing that they're scared about with Trump. Me, it's the environment. I can't believe his appointment of Scott Pruitt with the EPA.

PK: They're all horrible. Then there's Michael Flynn. He is the core of the hypocrisy of the relationship between Trumpo the Elephant and Putin.

(continued) ☛

EP: What's your take on Trump and Russia?

PK: I read one article where an unidentified Russian official used the phrase "useful idiot". That's really what it is.

It's like J. Edgar Hoover; he stayed around for decades [via] blackmail. I think it's the same thing. You don't have to say it, you know. Hoover would just go to JFK and say, "We found some photo of you in bed with Marilyn Monroe. But don't you worry, we'll keep it in our safe."

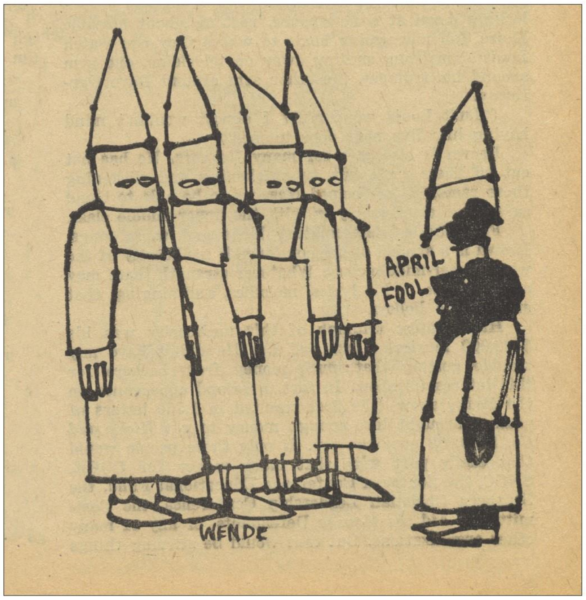
EP: You've lived through some Red scares; can you imagine any other time where this Russia stuff would be forgiven?

PK: I think foreign countries may have influenced previous elections. I don't know, but it was mostly *before* the technology of the Internet. So, if there's no Internet, there ain't no hackin'. It's like there ain't no divorce if you don't have no marriage! Whatever deal was made, or hacked, I think Trump decided to run the night of the 2011 Washington Correspondent's Dinner. Obama had *such good jokes* that night. But the camera was on Trump, and you could see that he was *foaming*.

EP: That shot of him is amazing. The video of Trump's boiling back head. It's really gorgeous.

PK: Humiliation makes a difference. You know, years before any of this, Trump developed his *modus operandi* for media/political success: You cheat. What pushed him into public profile was the stated success of his book, *The Art of the Deal*. But what I found out that is that he bought 20,000 copies of his own book from Random House, and that made it a *New York Times* Best Seller.

Similarly, L Ron Hubbard had his book *Dianetics*. He had a Scientologist working at *The New York Times* who had access to the details of their best sellers lists. Back then, there was a list of cities that the *Times* measured sales at particular book stores. So, Hubbard didn't have to buy 20,000 copies, he just had his spy tell him where to buy several copies at those locations, and the Church of Scientology had an instant "Best Seller".



Cartoon by Wende, from The Realist *#37, Sept. 1962.*

EP: Earlier you mentioned two interesting words: "assassination" and "impeachment". You have the benefit of having lived through Kennedy and Nixon.

PK: My earliest remembrance of a President was Franklin D Roosevelt.

EP: Do you remember him on the radio?

PK: Yes. He was famous for having his Fireside Chats. Which, through these decades, has evolved into tweets.

EP: Here's a very pointed question: When Kennedy got shot — what's your memory of that?

PK: Several memories. One was my first wife was out shopping, heard it on somebody's radio, and immediately bought a TV set. That's one thing I remember, just being glued to the television…And I was getting calls, maybe not that day, but from people wanting to write an article about the conspiracy aspect of it. You know of Jean Shepherd, right?

EP: Of course.

PK: He was a big influence on me. He said, "This will change the whole country." He thought it was a coup. And it turned out that the CIA had the Mafia do it. After all of my studying about it, that's what it was. The Mafia were the puppets of the puppeteer in that.

I would listen to Jean Shepherd every night, and he said — he *predicted* – that America would have a dictator who won the presidency because he came out of show business. And it happened. You know, [Trump's] not like Ronald Reagan, who came out of Hollywood, of course. But in Reagan's case, he couldn't make the distinction between reality and his movie roles. But he did say he was willing to take a senility test! Of course, the suggestion that he'd take a senility test is a suggestion that you already are senile.

EP: Right. That's very funny.

PK: Jumping back to Trump. Along the same lines of the buying the 20,000 copies of his book, the first day of his presidential campaign, he came down the Trump Tower elevator. There were people with placards, saying "TRUMP 2016" — but they were all hired actors. Fifty of 'em.

EP: You know, the success of that red hat really disturbs me. It's so idiotic — but it really seemed to work.

PK: I agree. No other presidential candidate had a cap like that. And a slogan. I've seen people on TV asked, "What do you think about the election?" One elderly woman said, "Oh it's wonderful! We're going to Make America Great Again!"

EP: How could they win on a campaign of awful messages? Maybe Steve Bannon is some AD&D wizard, casting a spell that everything negative becomes positive. "Trust me Trump: kick babies instead of kiss them. It'll work!"

PK: I agree that's possible. But it's narcissism that made Trump do this. Narcissism with skin so thin, it's inside out.

That's what he was doing, too, during the campaign. If your skin is inside out, then it's projecting. Hillary "was a crook," but *he* was. He called Bernie Sanders "crazy" and *he* was. "Lyin' Ted Cruz"...

EP: Why do you think those nicknames were so effective? It seemed, once you were labelled by him, you were done.

PK: Bush had his nicknames, but they were favorable. He called Karl Rove his —

EP: "Turd Blossom"!

PK: Right, "Turd Blossom" ...and he *was*.

EP: The prettiest turd.

PK: Regarding Trump's narcissism, here's my favorite joke: Trump was in the elevator of Trump Tower. It stopped on one floor and a woman got in. She said, "Oh! You're Donald Trump! Oh my, I would love to give you a blow job. I really would. I have a great reputation. I will make it that you will never forget this blow job. I really am good. I practice a lot. And I want to give you a blow job so much."

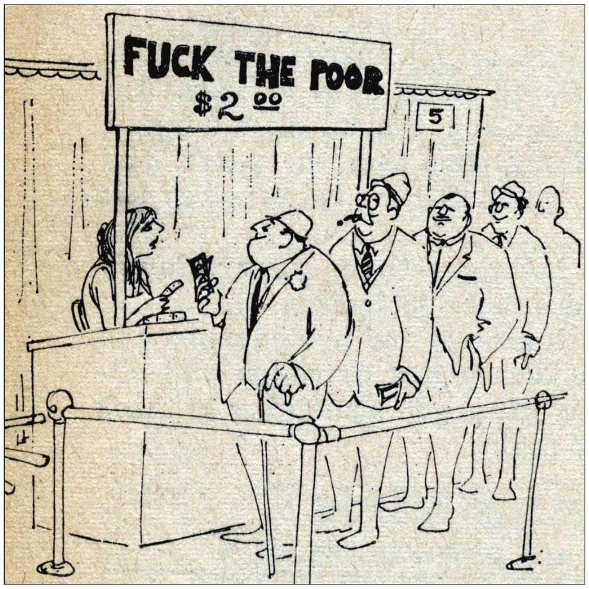
And Trump says, "Yeah, but what's in it for *me*?"

(laughter)

There's an old saying in psychology. In order to deceive people, you have to deceive yourself. Here's the thing: Trump has *instant* belief. He just *believes* whatever he says. With Obama's birth certificate controversy, he would *believe it*, even though he had to *know* it wasn't true. Then, he said he'd *hired investigators* to go to Hawaii.

EP: *(embarrassed for history)* I remember that.

PK: I think that was a lie, too! I don't think he ever sent them. Or, if he *did* send them, and they didn't find any "evidence," then he lied by omission...of facts.



Cartoon by Mort Gerberg, from The Realist #50, *May 1964.*

EP: I wonder if these lies are going to have consequences — if impeachment will happen. Getting Congress to do it will be nearly impossible.

PK: There's little hints that the Republicans — their conscience is gettin 'em. Those are my hopes.

EP: The fear I have is we're going to lose this country through this motherfucker. That we're going to have a police state – that we won't have a free press. Do you think these are real fears?

PK: Oh, yeah. Well, you know, a police state has a bad reputation. I mean, cops love it!

The thing is — ever since I took a lot of acid — I have become an over-doer of being optimistic. You can pick your metaphor, but I think Trump's a blessing in disguise.

With these scares, he's the monster — The Frankenstein — that we've created. It's from the country's dumbing-down of the media. Especially with the commercials. You know, when they first had TV news, they didn't have commercials.

EP: I've been trying to get more into the habit of watching *PBS News Hour*. It's amazing to have a full hour of commercial-free news, and not looping news, like CNN. What's sad is I find I have to build up the stamina for it. I actually find myself wanting commercial breaks. PBS had less coverage of Trump's campaign, too. Probably because there were no ads to sell.

PK: The epitome of it, regarding coverage of Trump, was CEO Leslie Moonves, who said "It may not be good for America, but it's damn good for CBS!"

EP: You know, the week Trump won, to deal with shock, my mind started remembering things that made me laugh. One of your stories showed up: The one when you met Bob Dylan and asked for his opinion about the Holocaust.

PK: I was at a radio show. And he was watching in the room. It was me, Abbie Hoffman, a rabbi, and some others. During the panel, the Holocaust was integrated into the dialogue. Dylan was there watching, sitting in a dark corner in the back of the room. When the program was over, he walked up and said to me, "You didn't say much." And I thought that was funny, because *he* was such a minimalist.

Then I held up my fist, like a microphone, and asked, "So, what do you think about the Holocaust?" He offered his minimalistic reply: "I resent it."

EP: That's just too good a joke.

PK: I remember that, more than the radio panel, because it had such an essence of itself.

EP: That's the benefit of minimalism, right? It's like these insane Trump tweets. In some way, they're stronger because they're just 140 characters.

PK: By the way, did you see Anderson Cooper laugh for five minutes when Kellyanne Conway used the phrase "alternative facts"? It was such a bizarre oxymoron, he couldn't stop laughing.

EP: My favorite one of her's is the Bowling Green Massacre. The Internet was hilarious on that. For the Holocaust, of course, it's "Never Forget"; so, for the Bowling Green Massacre, people were posting pictures of green bowling balls, with the phrase "Never Remember".

PK: Oh, that's good. It's like what I was mentioning about optimism. The answer is what we saw right after the inauguration, with the march and the rallies.

Trump is essentially the monster we've created. Whereas Frankenstein was made from corpses, Trump was made from fringe subcultures: First from the white supremacists ... Trump was on the radio with some insane conspiracy theorist, and the host said, "My listeners, they really *love you*."

Trump then went to the Evangelists, 'cause that was another subculture. He couldn't think of anything, the first time, from the Bible. Next time, though, he brought a Bible with him. He was smart enough to take the cellophane off it.

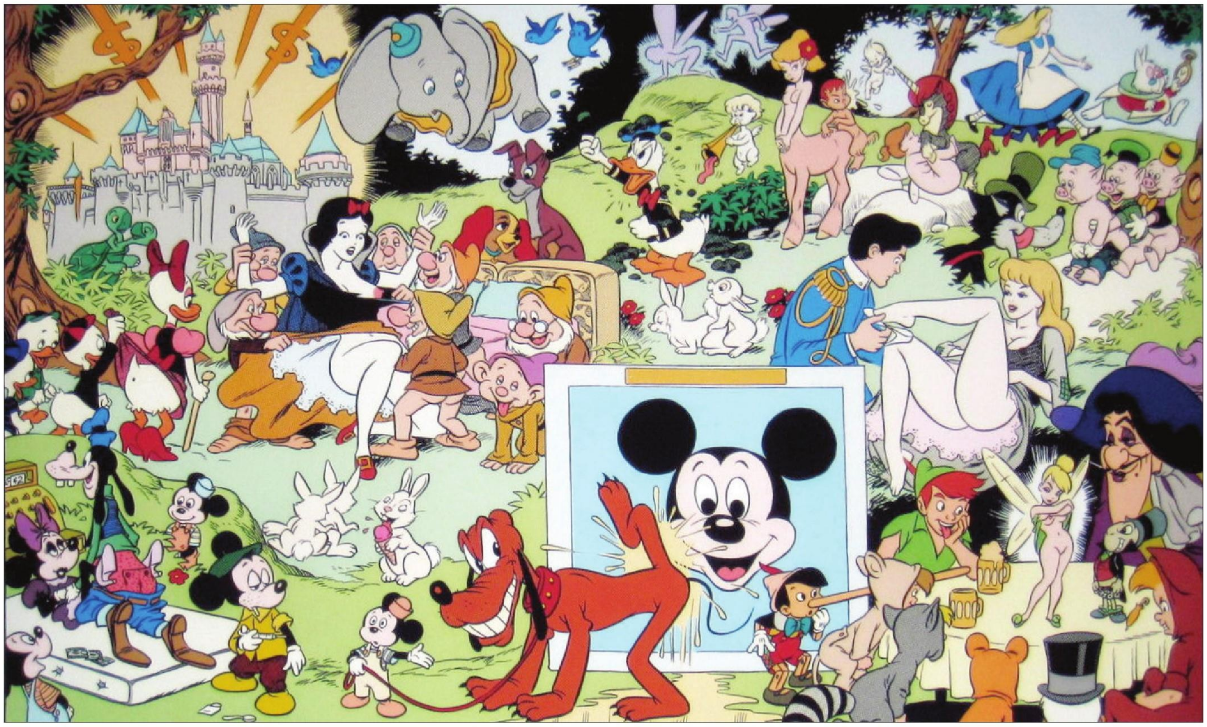
EP: I think for the most part, you've always been on the right side of history, actions you've taken and political/moral positions — everything from civil rights, to women's rights, to drug freedom. But I don't know how you decided to do some of this shit. For example, you ran an abortion referral service inside *The Realist*. No reward beyond a moral victory.

PK: Back then, when it was illegal, people thought doctors who performed abortions should be arrested and convicted.

EP: Let's discuss the development of your ethics. What's your internal compass? Have you always had these instincts?

PK: It happens organically. I remember when *LOOK Magazine* said about abortion, "There are no humane doctors ... all of them are just in it for the money." And I knew of one: Doctor Spencer in Ashland, Pennsylvania. He had a reputation. It turned out, to be, also, that he was a subscriber.

So, I wrote him a letter, asking for an interview, because I wanted to point out that *LOOK*'s statement was a lie. And I



The Disneyland Memorial Orgy, *by Paul Krassner and Wallace Wood, published in the May, 1967 issue of* The Realist. *Readers with annoying bare patches on their wall can buy a copy at* www.paulkrassner.com *for $35.00 plus shipping and handling.*

promised him that I would go to prison sooner than identify him.

EP: Was that a concern of his?

PK: I just volunteered it. So that he would know. And he allowed me to interview him, albeit anonymously.[1]

When I published the interview, I started to get calls. Women who were pregnant that didn't want to be, and didn't know where to go. These were different ages, different classes. I remember one that really had the most force to it: A nurse called. And she couldn't get a doctor to help her. From a hospital, or even privately.

So, I referred her to Dr. Spencer. And she sent me a gift. She knew I had a little daughter. And she sent me a doll. A lion. Holly, my daughter, named it Lenny the Lion, after Lenny Bruce.

EP: Oh, that's great.

PK: I began to get more and more calls, and I couldn't say no. You know this is not an abstract placard saying "Peace Now", this was somebody that I could help. I couldn't say no -- 'cause there are so many things going on in the world that you *can't* help.

I never *thought* I'd become an underground abortion referral service. But, you know, it became my calling, in a way.

EP: How long did you continue to help people out?

PK: I stopped when I moved to San Francisco [in 1971]. By that time there were others doing referrals -- Protestant ministers. So, I left my practice behind me.

EP: *The Realist* was one of the first, if not the first, news sources to talk about Enovid [the first birth control pill].

PK: In the first few issues! And the pill was just a rumor. This guy, a journalist -- I didn't pay him much – he did a two-part article, I think I paid him $100 for each. He went to Puerto Rico, where they were testing women. I had mixed feelings about this, because they were testing them like guinea pigs. But it worked, and it became known as "the Pill."

EP: Since we're referring to a lot of issues of *The Realist*, we should probably mention the online archive. I recall, with some humor and business sense, you only asked one thing: That we edit the image to the Disneyland Orgy to include a link to your site, saying a poster was available for sale on your website.

PK: Oh yeah, that was a *pure* ad.

EP: The first ad to run in *The Realist*, probably?

PK: Well, sure. *(laughs)* It was letting people know the poster existed.

EP: In the ten years that the archive's been up, it's enjoyed a lot of regular traffic and is now referenced in many dissertations. By the way, did you see the *Washington Post* article linking to the archive, specifically the LBJ story?[2]

PK: Oh, yeah. I heard about that from Harry Shearer. He sent me the link to the article, where they refer to me as an "obscure 1960s figure." The subject line of Harry's email was "It's official!" and then in the message, a link to the article and the words "you're obscure!" I laughed hysterically.

I think the LBJ piece ("The Parts Left Out of the Kennedy Book," *The Realist* #74, May 1967) is still the most notorious article; people remember it. Lewis Black said he was fifteen when he read it and said he was shocked! You know, because the article was written as a seduction, in a way. To the culmination, to the... what do they call it in sex? The climax!

And then I published the anagram for Nixon's veep's name, Spiro Agnew.

EP: "Grow a penis." Do you remember

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[1] "An Impolite Interview With An Abortionist," *The Realist* #35, June 1962.

how that got published?

PK: It was originally a guy from *LIFE*. He'd interviewed me, and mentioned some of the staffers had seen *Rosemary's Baby*, where there's an anagram moment with Scrabble pieces, something to do with witchcraft —

EP: "Steven Marcato".

PK: Yeah. Staffers had discovered this joke about the Vice President's name, based on that scene. They couldn't use it in *LIFE*, but it had to go somewhere. So, I ran it in the four-page comic that Richard Guindon and I did together.[3]

EP: Both the LBJ piece and Rosemerica comic clearly bend into surrealism. The response of readers, delighted and *infuriated*, had to be one of the best moments of your life.

PK: Many many people believed [the LBJ piece], even for just a moment. It was something I'd learned from Joseph Heller, when I interviewed him (*Realist* #39). I asked about one of the patients in *Catch-22*, who is in a veteran's hospital. The patient was wrapped up like a mummy, fed through IV's, excreting through tubes — he was just a middleman for digestion. I asked Heller, and he said, "Well you know, it's possible, but not probable."

EP: "Possible but not probable" explains these last fifteen months on Earth.

PK: Regarding the LBJ piece, there were people who claimed to remember a photograph! *(laughs)*

People who said they believed the article, if only for a moment, included Daniel Ellsberg, who released The Pentagon Papers. He said the reason he believed it, was because he just so much *wanted* it to be true.

EP: Speaking of Ellsberg, and now Trump, how do you feel about leaking?

PK: Well, I leak several times a day. *(Shared laughter)*

EP: It's very good for you.

PK: That's bladder control.

EP: It's funny that the Russian sex blackmail was Trump having a urine party with a bunch of hookers.

PK: That was a fake. But it became a perfect image for comedians worldwide.

EP: But it's like the LBJ issue — maybe it will stick. People also remember The Disneyland Orgy from the magazine. And the wonderful FUCK COMMUNISM poster.

PK: You know, I use a walker, but I go to the gym three times a week, to use the treadmill. I had my FUCK COMMUNISM t-shirt on, you know, the red white and blue. As I was walking out, there was a policeman who held the door open for me. And he saw the t-shirt.

EP: Oh, god —

PK: He said, "Hey, that's a great t-shirt!" He took it literally!

EP: I know the poster was said to be the perfect confluence of two banned terms.

PK: Kurt Vonnegut praised it for that.

EP: "Fuck" has kind of won, right? You can say "Fuck" anything now, and it's fine. That is one experience I don't have, growing up when that word was so verboten. I understand how saying "Fire" in a crowded theater is illegal, but I don't have an understanding of a world where saying "Fuck" could get your arrested. How did Lenny Bruce work around it?

PK: He had to use a euphemism. He'd have to say "frig."

The first time I met Lenny, he came to New York, and he called — because *The Realist* was his favorite magazine.

EP: That had to feel great.

PK: It did. Steve Allen was the first subscriber. He would give subscription gifts to several friends, and Lenny was one of them.

Lenny then sent a lot of subscriptions to his friends. That's how it started, and how it grew — word of mouth — which is better than advertising, because it's free and you're getting it from someone you know, an individual.

When I met Lenny for the first time, I gave him an advance copy of an interview with Dr Albert Ellis, a psychologist. Lenny was reading and said "He used the word ['fuck']!" I explained to him that Ellis had a campaign that "fucking was good" therefore, if you wanted to say something unfriendly, you should say "unfuck you"...

Lenny asked, "How does he get away with this?" I told him, "The Supreme Court said use of the word wasn't obscene in a magazine if it was a redeeming social value, and no prurient interest."

Lenny asked, "What's that? Prurient?" He went to his suitcase on his bed in the hotel room. Inside was a huge unabridged dictionary. At first, it said something like "itching" — and Lenny asked, "Is this something like a novelty store?"

EP: Where they sell the powder!

PK: Or the dribble glasses. But the second

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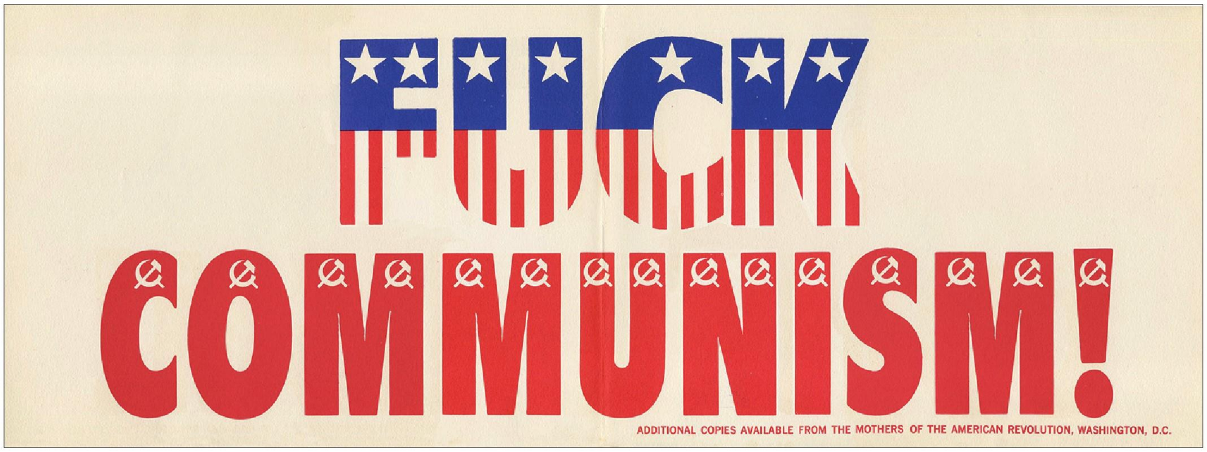
[2] "Trump's Presidency is Doomed," *The Washington Post*, January 16, 2017.

[1] "Roseamerica's Baby," *The Realist* #93, August 1972.



Created in 1963 by Paul Krassner and John Francis Putnam, this poster was a staple of dorm rooms for decades. Kurt Vonnegut called it "a miracle of compressed intelligence nearly as admirable for potent simplicity, in my opinion, as Einstein[1]s $e=mc^2$."

FUCK
COMMUNISM!
ADDITIONAL COPIES AVAILABLE FROM THE MOTHERS OF THE AMERICAN REVOLUTION, WASHINGTON, D.C.

definition was "arousal of sexuality."

Lenny was performing that night at Town Hall. He asked me to hand out copies of The Realist, with the Ellis interview, in front of the theater. From then on, Lenny thought that his act would be protected, because it had redeemable social value. But that's not the way prosecutors felt about it.

EP: Right. The conspiracy theory I've heard is that it's because he took on the Catholic Church.

PK: Oh, absolutely. Absolutely right. His "Religions, Inc" piece got him in a lot of trouble. The reason he got busted for obscenity was there wasn't a law against *blasphemy*, but that's what he was really arrested for.

EP: You know when Scott Marshall and I were putting together the Lenny Bruce tribute in the Wilcock comic, we included John's experience with Lenny. You're in a few panels. It's been fun to find opportunities to include you in the comic -- you're in five scenes now.

I have sort of a funny agreement with John: If he can't recall the full story, or dialogue, I can fill in the details.

PK: Oh (laughs) well that's trusting.

EP: You both are very trusting people! He couldn't remember verbatim exchanges with you from 1961. So, we gave the joke from you to be "Lenny would be a big fan of your *couch*, John."

PK: That's funny. When I saw that in your comic, I remembered saying it! I remembered something that didn't happen. Now I have something in common with Kellyanne Conway.

It's something I would have done. You made up something real.

EP: Thank you. I only do that in a few panels to keep everything glued together as a story. Otherwise it's just a bunch of disconnected fragments.

PK: Too close to reality, then.

EP: How do you think Lenny would respond to Trump?

PK: I think he would do it as a really high form of satire. He would make Trump a hero -- in the sense that he would take a different approach. I'm saying that because he did that about Adolf Eichmann, the Nazi organizer. Lenny would say "He was doing his job!" He would just take an approach like that. Lenny would "appreciate" the defined tragedy.

I think Bill Maher's show, February 17, was terrific. Lenny would have really appreciated it. Just the same way Lenny got serious sometimes, and the audience would say, "Hey, you're honest!" instead of "Hey, you're funny." Maher's monologue that night was really beautiful. Because he's well informed, and he couldn't just do jokes about it. He talked about the fascism. He talked about the dangers. It was just brilliant presentation of the seriousness of fascism in action.

EP: What do you think Abbie Hoffman would do about Trump?

PK: Oh, I think he would do the same thing as Maher. Abbie really had a sense of humor that was spontaneous. And it was based on being well informed. Bill Maher was doing that. He was rabble-rousing. He was trying to let people know how serious it was.

EP: I can't help but feel such sadness that Abbie is gone. You mentioned Shepherd as an influence, for me it's Abbie, who I regret never knowing personally. You read his books and every page glows. He's such a wonderful soul and gifted writer. Do you recall going to rallies with Abbie?

PK: I remember we had taken some acid in his home, and got a call that some Puerto Rican kids had gotten busted for pot. Abbie said "Okay, we gotta go there." Show them the hippies respected the kids who were busted. Because they were Puerto Rican kids. So, as we're walking there Anita, Abbie's wife at the time, mentioned she was going to regurgitate from the acid. And I said to her, "You can just vomit over by the curb over there, and we'll stand around you." That we'd hide her. Abbie said, "Now *that's* community!"

There were lots of things like that. We saw a police car, full of four cops, two in the front and two in the back, and Abbie yelled, "You guys on a double date?"

I told him he reminded me of Lenny, and he said, "Oh *really*? He's my God!"

EP: That's an amazing story, partly because there's no way you can talk like that to police now without being confronted. I have this terrible habit where I thank cops. I got tackled once because a cop thought I was someone else, and, partly out of fear, I thanked him. I always feel like an asshole when I do it, too.

PK: I did the same thing (laughs) when they frisked me. They frisked the reporters because they didn't want the reporters to have guns in court.

EP: Was this for the Harvey Milk trial?

PK: Yeah.

EP: During that trial, you coined the phrase "The Twinkie Defense". You've done this a couple of times, creating an expression or a term, that becomes a permanent part of the language.

PK: I once started a list: Yippies, Twinkie Defense, jilling off — that's a woman masturbating, instead of jacking off.

EP: "Soft-core porn," you coined that.

PK: Yes.

EP: What do you think Robert Anton Wilson would say about Trump?

PK: He would be very analytical about him. You know, he would talk about the insanity of it. He would just get to the core of Trump. He'd be fascinated by it.

EP: He does like "mind fuckers."

PK: Exactly, yeah. He would be a great analyst of how we all have some narcissism in us, but Trump is the king of — oh, you know I'm doing now what you did — when you made up what you think what I would have said, there. And now I'm saying what Robert ... what Bob Wilson would say.

EP: But that's totally correct, I think.

PK: But he would, because — there was a European order of priests who got married, or something like that. And I gave Bob the assignment of writing about that convention of the priests, as if he was there. He loved doing that; he made it seem real.

That was a very good form of his satire, because once again, it was not *only* possible, it was probable.

EP: What about Terry Southern? A lot of people see *The Magic Christian* happening right now with Trump — Trump is living out that description of the book. He's "making it hot for them."

PK: Terry Southern was — he put a lot of words in italics when he wrote. And he talked the same way. He talked with italics.

EP: Maybe he'd italicize Trump. Finally, how do you think George Carlin would respond to Trump?

PK: He might make a list. George loved to make lists. He could make a list of lies, of Trump's lies.

EP: Paul, this has been so good talking with you. Any closing advice to Donald Trump, if he's reading?

PK: I got my philosophy from [the comic strip] *Mary Worth*: "When in doubt, do the kindest thing." **B**

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[1]See *The American Bystander* #1, Dec. 2015.

The text of the television interview of the Deputy Crown Prince: Prince Mohammed bin Salman:

The Prince Mohammed bin Salman bin Abdul Aziz, the Deputy Crown Prince, the Second Deputy of the Prime Minister, and the Chairman of the Council for Economic Affairs and Development, has held a television interview on Saudi Arabia's first channel for the most important local and regional issues, and he stated the followings:

* The national transformation program was designed to improve the performance of government agencies?

- That's true, and for this reason there are indicators and targets have entered in 24 government agencies, the second batch will be launched in the near future or the coming weeks, and there are new entities, that were not included in the 24 parties in the national transformation program, will be added to it.

* Now it is been a year since the establishment of 2030 vision, How do your Highness see its impact on the growth, the unemployment and non-oil income?

- I think that it has achieved so many achievements. If we look at 50 thousand feet, we will find that the deficit rate is less than all analysts' anticipation, both at home and abroad for 2015 and 2016. And also for the budget of 2017 we will find non-oil revenues almost doubled in these years, "the last two years from nearly 111 billion to nearly 200 billion Saudi riyals. We will also look at the fact that budget control has become much more accurate than a budget in the last year, which spends more than 25 % to 45 % to a budget where only less than 10 % is spent. All of which are more than 50,000 feet. In addition to that, the main economic indexes have been affected by eighties, the nineties, and 2009 fall in oil prices such as the unemployment index which increased in those sharp declines, while the inflation index rose very significantly. The investment index also fell very strongly, while in this crisis the oil prices fell very sharply in an unprecedented manner in the history of the Kingdom of Saudi Arabia and in a very rapid pace until it reached 27 dollars in a short period, and continued at this abysmal level for a year and more than a year. But, thanks to God, thanks to the guidance of his majesty the king, and the work of government agencies and officials and government employees who were able to maintain a lot of indexes without being affected negatively. Unemployment was maintained at its level and was not strongly affected negatively. Inflation was also not strongly affected negativly as the historical cases we have seen in the past. The investment index was not affected strongly and the growth index continued to rise on the GDB. It is true that it is below the global average but we have not entered a stage of contraction in the Saudi economy. Now the effects of these programs that will be launched will start to appear in late 2017. We will find their very strong impact starting from 2018 and 2019 on all these key economic indexes.

* Your Highness, Prince, with regard to the issue of unemployment from the beginning of this year and with the recession that the local market suffered, there was a layoff for people from their jobs, what is the plan for that?

- As everyone knows, that any reform process and any screening process of the country will be accompanied by side effects. It is very normal with the oil drop to $ 27 and its continuation for a long time less than $ 40 have a lot of symptoms affecting the state spending. These ten programs are all in the different areas of spending between investment and spending from the private sector, which is a major incentive for jobs in the coming years. As everyone knows, the aim of Vision 2030 is to reach a 7% unemployment rate in the Kingdom of Saudi Arabia. With no doubt, these programs will make us into a better number than we are today in 2020.

* What is the reason for the suspension of allowances, and why they were returned?

- If we note, in the decision to stop allowances that it was temporary, and that in the same resolution there is a text that states that the decisions are reviewed periodically. And they were reviewed appropriately after the improvement of our oil revenues. This is a factor, and as you know in the program "financial balance" we had three scenarios for Oil which are: the pessimistic scenario $ 45, the average scenario or a baseline of $ 50, and the optimistic scenario of $ 55. This is not the Kingdom's assessment for oil, but this is to arrange our securities with different oil prices. In the first quarter, we were close to the optimistic scenario which is $ 55, sometimes we go beyond it and sometimes we are less than, this is a positive element. The other positive element is that our non-oil revenues in the first quarter of 2017 have achieved more than we anticipate to achieve. This is another positive element, so the decision is no longer has to continue in this manner. So that, it was reviewed as stated in the resolution itself, while we exaggerate that this is a very great success for the competent authorities in the financial and the economic and investment sides as they were able to take us from this stage in less than 8 months. The work of a very great effort has been done in the oil agreement with the OPEC countries and non-OPEC countries is an agreement for the first time in history. We have always known in the past that the agreements were held between the OPEC countries only, and this is the first time in the history that the agreement held between the OPEC countries and countries outside OPEC. That made our position is very positive in terms of the governmental revenues of the oil. Also, the procedures taken in these non-oil revenues have greatly helped in addition to the investments and restructuring of many of the sectors under the Public Investment Fund have contributed to bringing in these revenues which have strengthened our position and contributed to a decision like this.

* The amounts of allowances, were they so impressive that they stopped?

- When we notice the price of oil is $ 27 and continue for months under $ 40, we do not know what is the obvious scenario for the next three or four years, and we do not know if our effort in the oil agreement will succeed or will not work. Also, do not know if our programs in our non-oil revenues will succeed or not, we also do not know if that our investments will come to fruition in a short period of time or we cannot make a profit to help the government budget in a short period. So that, we can take “the risk” at the expense of the national economy. These procedures have been done in the past, in the eighties and in 1997. But the difference between this period and the past periods is that we took a period of few months to went back to the normal position while in previous cases in our history and the history of other countries take years to return to normal course.

* I mean the size of the amounts Was it affect the support?

- without doubt. If you want to close all the taps that you have, you must take all measures until make sure that your affairs are in a good position, and then re-open it as appropriate.

* How do you respond to some Western press, which said that this decision came under popular pressure, and this is considered a decline?

- That is incorrect words, the deficit fell in the first quarter to 44%, this in itself proves the truth of our words that the deficit falls below what we expect, so why continue the austerity measures.

* What are the most important steps that achieved compensation in the budget deficit?

1- Oil revenues are the most important factor, and the main reason for the oil agreement.

2- There are some procedures that have been implemented in the non-oil revenues in the last two years.
3- Revenues of the Public Investment Fund. And for the first time the Public Investment Fund enters the treasury of the state tens of billions annually which is 2015, 2016, and 2017 God willing and in an increasing manner.

These are the three most important factors that made the deficit fall to 44%.

* What if the price of oil falls below $ 30?

- We expect the second, third, and fourth quarters will not be below the 44% expectation because we are back and spending again.

* What if oil returned and fell below $ 30, would we return to austerity and tighten the belt?

- Without a doubt, if we go through a critical stage we will return to the austerity measures, but what we are working on today and the initiatives that exist today will make us stronger in the receipt of shocks. And if our initiatives succeeded, we will need oil prices less than fifty dollars. This will make us receiving very strong shocks without the action of tighten the belt.

* After the return of the allowances. People began to look at the citizen account that it will not be completed?

- The unified account of the citizen is to compensate the citizen for any rise in the prices of energy, water or the like so that the citizen of the middle income and less does not affected, and the impact is on the rich foreigner or citizen. Today we want to redirect the support to be materially directed to the citizen. Middle-income or low-income earners decide to spend the amount they have spent in the past on the same expenditure (energy, water, gasoline, or other goods), or reduce their consumption, and spend that amount in another thing.

* About 12 million citizens have registered their information. Have you started benefiting from that?

- Now, we believe that those who deserve support are less than ten million, or nearly ten million, and the competent authorities are working to determine the final form.

* Do the ten million include the poor and the average?

- Of course, we are trying to be as generous as possible, and trying to include the largest possible categories, even if they are above the average. So that it has a strong impact on the Saudi citizen, but to date the details has not finished yet, and the competent authorities are working on it, and is supposed to be finished in the coming months.

* How will you deal with future unemployment, is there a number you have?

- If you notice in the 10 programs that have been launched, that it is required from each program when it is announced in the next six months to measure its impact on the main indicators of the economy, including the unemployment index. In the next six months, we will see the impact of each program that is launched on the unemployment, how would this program will provide number of jobs, and how many percent will affect unemployment. We expect that the impact of these programs will be very strong to reduce the unemployment rate, and I can only give you the real impact at the time of the announcement of each program.

* How much do your highness expect the anticipated increase in the public debt in 2017/2018?

- Public debt as announced in the fiscal balance program will not exceed 30%, we target the public debt on the GDB 30% and so far, we have not reached 30%. There are some expectations that even in 2020 we will be less than 30%. A public debt of 30% does not mean a problem, some of the countries in the world have GDB in some of them up to 50%, some up to 60% and some up to 200%, including G20 countries. If we look at the big countries, the five major economies have more than 30% public debt. So that, it is healthy for the Saudi economy to involve a percent of public debt, which means that we have opportunities for development programs on which we spend money. We have two options: to spend and continue to develop, to create jobs, to create opportunities, to create private sector opportunities, or to stop spending. Our public debt is very low, giving us a comparative advantage that we can rise to international rates and continue to spend.

* How do you see the future of the Public Investment Fund over the next three years? Would it be an internal or internal and external investment?

- The Public Investment Fund is one of the most important pillars of Vision 2030. We have several opportunities to develop the size of the Public Investment Fund:

1- Unutilized assets. Too many assets have been entered, some of which may have been reviewed or announced to the public investment fund. These will be reflected in the size of the fund, the size of the value of the fund, and the profits of the fund.
2- We have heard that some of the reserves that are not of the state's funds need to be transferred to the public investment fund, about 100 billion riyals several months ago. Also, there is a restructuring of the public investment fund companies so that their performance, growth and profits are better than the previous. All of these will maximize the size of the Public Investment Fund, on top of this the offer of Saudi Aramco.

* His Highness the prince, What about Aramco?

- As we state, the most important offer in the Public Investment Fund is the ARAMCO offer. This will provide huge sums to the Public Investment Fund and also it will help in targeting many sectors inside and outside Saudi Arabia. One of the most important sectors to be targeted by the Fund within Saudi Arabia, is the mining sector. According to the survey of the 1970s, which was re-examined last year, I think there are mining opportunities of (Trillion and three hundred billion US dollars). The value of minerals in Saudi Arabia, of which gold is more than 240 billion US dollars and that requires a very huge investment. It is always difficult for foreign and domestic investors to take risks in a new sector such as mining. Consequently, the investment should be through the Public Investment Fund. The company of Aramco contribution with part of the money (cash) in the fund will provide the Fund with the ability to invest in this new sector, which has now only utilized less than 3%, and we have another very important goal which is the local content target. Today's volume of Saudi Arabia purchases outside the Kingdom of Saudi Arabia on goods, commodities, activities or so on, amounting to US $ 230 billion. According to the vision of the Kingdom of Saudi Arabia 2030, half of this spending will be within the Kingdom, and when we talk about what are the most important local content items ($ 230 billion), the most important item is Military manufacturing, which ranges from $ 50 to $ 70 billion a year, sometimes increases, sometimes less. We are the third largest country in the world to spend 99% of the military armament outside the Kingdom. This is a huge opportunity to create large industries within the Kingdom, also to create jobs and create development. However, what distinguish this matter is that the decision is 100% totally owned by the government. The government today has made a decision requiring that any industry should be linked to local content (i.e. I will not buy from you unless you tell me how much you give me local content). There are types of industries, low-sensitive technology industries and in this case other countries do not have the embarrassment of being transferred to you 100% inside Saudi Arabia, such as light weapons or ammunitions or what can be included under it or spare parts or structures, etc. And there are a medium-sensitive technology industries, some countries have a certain sensitivity, we try to get out of the deal a certain percentage for the local content, and sometimes we manage to reach 70% of the local content, sometimes 50%, and sometimes 20%. There are also complex industries that countries refuse to transfer technology to Saudi Arabia. Here, we stipulate that the main materials are through Saudi Arabia, which has an indirect impact on the local content inside Saudi Arabia, but the condition in the competent authorities in Saudi Arabia today is that no weapon deal without local content targeting 100 % of industry transfer. If we do not succeed we must end up in 2030 with 50% local content. This means that from 50% ($ 70 billion) will be spent inside Saudi Arabia in 2030 and will gradually increase. His Highness has pointed out that today there is a range of armament deals will be announced in the coming period. In each deal, we will know how much the local content is, and how many job opportunities will be provided by it. Arming is the largest item in the local content. The second item is the automotive industry, where car purchases by the Saudis are almost $ 30 billion a year, sometimes higher than and sometimes less than. The positive element is that $ 13 billion of these purchases are purchases for the Saudi government and we can start with the first stage is to provide the needs of the Saudi government through Saudi manufacturing companies that the Saudi government is contributing to. This will bring us 40% to 43% in 2030 in the automotive industry.

* Will there be a localization of the automotive industry?

- We will not try to offer goods to the citizen in the next ten years as cars, it will be very difficult to compete in prices and also to convince him of the quality required, but we can ensure that these deals for the government in exchange for creating this industry within Saudi Arabia, and the third most important item of the local content is entertainment and tourism (22 billion dollars a year out of Saudi Arabia on entertainment and tourism) This is the most difficult item because its decision in full to the Saudi citizen and there is no part of the purchases with the Saudi government, it is very difficult that you invest in an investment convince the Saudi citizen that instead of spending this money outside Saudi Arabia to spend it inside Saudi Arabia. Also target 50% in 2030. Under the local content, there are too many items, this (230 billion US dollars) of which we are targeting US $ 115 billion to be spent annually in Saudi Arabia and increasing gradually after 2030. Hence, until reaching 2030, these are all challenges and profitability in it are not as expected or as required and the risk is very high, no one will invest in it except the Public Investment Fund so that this sector succeeds and then privatize and sell in the stock market then Companies are listed in the stock market and the fund starts to recover its expenses and enters into another chance. This is the second sector targeted by the Public Investment Fund after mining. The third sector targeted by the Public Investment Fund is the logistics sector. We have three very large logistics opportunities and we operate very strongly. The most important opportunity is the Red Sea. 13% of the world trade passes through the Red Sea and Saudi Arabia provides nothing at this field (zero services), and here are huge opportunities to work along the Red Sea for many exports and imports of countries. We began today to work with many countries since the recent time headed by

China and now we work with them on a huge initiative in the Industrial city of Jizan and there are other countries come successively.

* Does this will include the development of ports?

- That is true. developing seaports or participate in the industrial cities on the Red Sea. Another opportunity we're working on is a Saudi and Gulf states exports to Europe, 40% of Saudi Arabia and the Gulf states exports to Europe. Especially, the Gulf countries pass from the Arabian Gulf to the Strait of Hormuz to the Arabian Sea to Bab El Mandeb to the Red Sea to the Suez Canal to the Mediterranean Sea and this period takes the cost and security risk, while we can provide them passage through Saudi Arabia directly to the bridge of the King Salman, who announced it last year to North Sinai, which reduces the time and cost. Where security guarantees are much higher than those in which they pass.

* Are you involved in the King Salman Bridge project?

- Without a doubt, this will create a lot of industries and businesses inside Saudi Arabia from connecting roads, connecting power grids, linking gas and oil pipelines, and connecting railways to North Sinai. The third opportunity we aim at in Logistics is aviation, today our brothers in the United Arab Emirates and in Qatar have done a very good job of flying in the Middle East, while they do not have a strong domestic market to rely on to take over and control the Middle East markets. Saudi Arabia has the largest domestic market as an airline market. Saudi Airlines companies should have a much larger stake in the Middle East Airlines today, this is also the third aspect we seek.

* What are the reasons for the absence of the Saudi aviation, is the weakness of the airports is the reason?

- The absence of strategy, there is no strategy and no vision. The tendency was a random move until we reached the stage we reached today, while if you set a goal and plans to reach this goal there will be an achievement of these results up to 100% or 50% or 30%. Briefly, the fund will be the main driver of the major sectors within Saudi Arabia. The fund will have a very large cash flow from Aramco and this will be directed in no less than 50% and up to 70% in new sectors within Saudi Arabia (mining, local content, logistics). After covering opportunities within Saudi Arabia, the remaining 50% and 30% will be directed to outside Saudi Arabia to the promising sectors that are possible to be in the forefront ten years from today, and. Details for all of this will be announced in the launch of the program of the Public Investment Fund in accurate and detailed manner.

* When the project was announced cash; people reacted that they wanted the habitation, what the opinion of Your Highness?

- We have so many fronts we are working on them, and we cannot then stop a certain entity that achieved an achievement because there is a delay in the other side. It will disrupt the work of the whole government, it is imposed on all sides to support, stimulate and reach an achievement, and the one that is delayed is to be investigated about the delay and its reasons and how we work on it. This is a side, the other side that spend on the public investment fund is not the state. It is one of the fund's unexploited assets. In the past, it was giving us a profit of 1%, and at the best case 2.5%, and there are bonds and funds outside the Kingdom of Saudi Arabia. Today, we transfer these amounts to Saudi Arabia and we invest in sectors that give a profit of better than 2.5% or 1%, develop key sectors and contribute to the local content on the entertainment side. Ultimately, this will create profits for the Fund, the Fund will turn it to the state treasury that will make the state position more powerful so that it covers more expenses of “housing and other expenses” that the state need. In addition to creating job opportunities that contribute to solving many of the problems of Saudi citizens, as well as they contribute to the development of the private sector.

* Among the programs that were presented last Sunday the housing program and there was a reference to three solutions. What is the vision of Your Highness through the program to the issue of housing?

- We are optimistic and we expect the situation for us is more positive than we thought, there will be hundreds of thousands of free units in the housing program, there will also be more than one million units in soft loans for Saudi citizens. The first will be without payment for hundreds of thousands of units and there is no specific number, and the accurate number will be announced at the time of the launching of the housing program, but there will undoubtedly be more than one million units sold by the facilitator or loan from the Real Estate Development Fund, the Real Estate Development Fund will contribute to lending and also the easy sale, the Public Investment Fund will also contribute to the housing sector.

* Will the fund return to its previous role in pumping money?

- The Real Estate Development Fund is undoubtedly one of the main drivers of the development of the housing sector. We have three types of housing. The first one is the free one, hundreds of thousands, I cannot give you the final number. The second one is the housing supported by the real estate development fund. Third one is the housing from the main investor which is the government and it sells easily and at a discounted price to the Saudi citizen. This is a very long-term loan whose profit to the fund is only 3%, while the citizen can own his unit on the second day and he can pay for many years without affecting his main income. Not to mention, the free units as large as possible to citizens who cannot cover the costs of housing programs.

* When Your Highness is expected to start the project launch?

- Imposed within 6 months, I do not expect it to be one of the first programs to be launched because it is very complex and has very high spending, I expect it will be launched in the third quarter of 2017.

* Your Highness the Prince, there is a fear haunt some economic writers about Aramco and that it is the property of the state and that it should not be offered for subscription opinion. What is your opinion?

- I think that this thought tends to be communist socialist thought that everything must be owned by the state even the bakery must be the property of the state. Fundamentally, there was an intention to put Aramco on the market, and that had been stated in the main documents in which Aramco was established under the reign of King Abdul Aziz - may God have mercy on him – at that time. Today, you have a very valuable company and you can keep this company in the Kingdom of Saudi Arabia, keep its impacts in Saudi Arabia, and make it grow in Saudi Arabia, while benefiting from its value by stimulating other sectors that are not in Saudi Arabia. This will help us capture many opportunities like we spoke at the beginning of the interview. If you did not put Aramco on the market means that we will continue 50 years or 40 years to develop the mining sector, it will take 40 years for us to develop local content, and it will take years to develop logistics services, such as what we lost 40 years ago while we were trying to develop these sectors. When we offer part of Aramco's shares and take this cash and create new and strong sectors in Saudi Arabia, we will develop the economy, create jobs, improve government and fund revenues and other benefits, and at the same time Aramco still in the Kingdom of Saudi Arabia.

* How much will you sell, what is the percentage?

- There are two main factors to determine the percentage of the offering.

* What will we sell? Is the service, wells, or what?

- We sell the value of the company, while wells are owned by the state, only the company has the right to use these wells, which is in the past and still at the present and has not changed anymore. The size of the quota to be sold is governed by to two factors, one is the demand, is there a demand or not. Second, what do we have on (Pay Plan) as investments in or outside the Kingdom of Saudi Arabia. There was a request, but we need the cash. Because we do not have a sector that invests in Saudi Arabia or absorbs this investment, why do we sell a stake for Aramco, but if there is a request and find a sector that needs this investment, the second day we will sell. This is the two factors that will determine how much we sell from Aramco, but undoubtedly will not be far from 5% too much.

* When will the Aramco project be sold?

- 2018.

* Do you now work on papers and permits?

- That is right.

* If Aramco is sold. Who will determine the ceiling of Aramco's production?

- Determination of the production ceiling would be the prerogative of the Saudi government, increasing the production at the price that suits the company is in favor of the Government of Saudi Arabia. A part of the governmental revenues is from the oil tax (50%) on the oil sold or produced, as well as the taxes it receives from Aramco. The government's interest is to develop the profits of Aramco, meaning that the government will not take a decision that violates its interests and the interests of Aramco in the rate of production.

* Your Highness the prince, the subject of production with the economic vision and mentality in the market, will the production be freed from the political decision?

- Production is not a political decision, production is an economic decision, it was not a political decision at all in the past, production is an economic decision, what is the economic benefit to determine the appropriate production price, this is governed by supply and demand and coordination with OPEC countries and countries outside OPEC to coordinate the amount of supply and demand so that there is no collapse or confusion in oil prices.

* One of the programs that have been launched last Sunday, is the investment program to stimulate 100 companies to turn either to regional or to international companies, what are the companies targeted to raise their level?

- I cannot name companies now, there are companies where part of them is in the stock market and companies outside the stock market. We acquire more than 100 companies that have the opportunity to turn from a local company into a leading regional company. We also acquire companies that have the opportunity to turn from a leading regional company to a leading global company, and we have a group of companies that can achieve this transformation and this huge impact that will be reflected on the Saudi economy. They need easy procedures, facilities and agreements with other countries, facilitate their sales, and facilitate their spread.

* Will the government negotiate on behalf of companies and take care of their interests?

- Undoubtedly, we can touch that all the governments of the world are doing this. The last of which was few days ago when we had the German Chancellor with the managers of the most important companies in Germany, and she was negotiating as if these companies are belonging to the German government, she also was entering in all the details for the success of the work of these companies. The Saudi government should play its role to turn the success of Saudi national companies. This will transform 100 Saudi companies from local leading companies to regional leading companies and from regional leading companies to global leading companies, and also this will provide us with experience in how to turn these companies into large ones so that after 2020 we operate programs targeting a wider range of these companies.

* Does this mean that the state can lend them?

- it may be according to what will be announced in the program.

* Private sector now complains of high operating costs, and believes that this will become harmful to the industry and in trade, what is the opinion of Your Highness regarding the high prices and the shrinking economic situation?

- I do not think this is accurate, but the programs that will come out will stimulate the private sector very strongly. Sales of the private sector will increase very strongly. If you spend hundreds of billions in a short period of time, this will undoubtedly have a very positive effect on the private sector. I would like to give you an example. In the past, we used to rely solely on government capital expenditure. Nowadays, in the coming years, we will have high government capital spending, that is the first thing. The second: there will be spending from the reserves mentioned in the fiscal balance program is 200 billion riyals for private sector development, this spending differs than the capital spending we are all used to. Thirdly: and it is important- it is the spend of the Public Investment Fund. The Public Investment Fund will spend in Saudi Arabia, after Aramco has been sold, more than SR 500 billion in just three years. You can imagine this spending in the military industry, the automotive industry, the entertainment industry, the tourism industry or in other industries. How will it affect all of the private sector, and this will stimulate their sales in very strong manner in all sectors, both in the retail, transport, services sector and so on.

* Will you impose taxes on corporate income?

- No, this has not and will not be mentioned in the program of financial balance. We mentioned that there would be no taxes on wealth or any taxes on income.

* Companies coming to Saudi Arabia, Are there facilities for foreign investment?

- That is true, today, the Ministry of Commerce is working on screening the work of the Investment Authority. We worked different than what was happening in the past of waiting for the demand comes from the companies, but today we pick up the companies that we want to work in Saudi Arabia. There is a very long list of companies that the Investment Authority must seize each year and enter them in the Saudi market.

* Is there anyone who wants to enter but complain about the procedures we have?

- This is true, and they are all easy procedures and contribute very significantly to the work of these companies. For example, remind you the last event in the visit of German Chancellor, the German companies have had a problem that our license in Saudi Arabia only lasts for one year, while their strategies and investments are based on four years. They have been given a change in this aspect so that the license lasts for five years, this are easy procedures that greatly stimulate the work of foreign companies in Saudi Arabia.

* With respect to the health sector, it means the privatization of the health sector, it was published on the lips of the Minister in a symposium that the hospitals will be privatized, and then it was said that it

will become some state-owned companies, what is the reality of the privatization of the health sector, and how it will be, and other important sectors?

- The health sector is privatized in all the successful globally countries. If we look at the United States for example, we do not find the US government owns hospitals, each hospital either owned by the private sector or non-profit sector. The role of the government is to guarantees a free treatment for Saudi citizens. Instead of we occupy a hospital and we spend on them and come at a quality that will be rejected by the citizen, we privatize and owned by companies and ensure the policy of insurance for every citizen. And the citizen has the choice of selecting the hospital which he wants to get the treatment in, whether private sector or non-profit sector. This will bring great competition to all private hospitals and provide quality services so that they attract this citizen who has an insurance policy and earn more profits, and it will create a better health sector with better services and much less corruption. Because it became some interests among stakeholders and it will ease the very high load of management for the Saudi government. It will also reduce the costs that the Saudi government spend on the health sector, while these expenses will be spent in other sectors that are in need for these expenses.

* When does this wheel start?

- It is a very complex project, we expect that things will be clearer during the current year.

* What are the other sectors that can be privatized in the near future?

- The municipal services sector, also the transport sector, primarily airports, aviation and ports. Those are the main sectors that we are targeting at this stage.

* In the subject of vision, your Highness has mentioned that there will be an increase in the number of those wishing to perform Umrah and Hajj through the preparation of the two Holy Mosques and its facilitation. But Muslims in Pakistan, for example, or from other countries or Muslims residing here, believe that the fees will affect so that the turnout will be decreased, and instead of having a person four times of Umrah a year, he will perform it one time?

- This is an incorrect propaganda, and we know who is behind it, which is a loathing of Saudi Arabia. It hates the interests of Saudi Arabia in one way or another and tries to seize any opportunity to alienate the Muslim peoples from Saudi Arabia. First, before this decision, there were a fee for Hajj and Umrah of 50 Saudi riyals, even for who come for the first time should pay 50 riyals on the visas of Hajj and Umrah. This decision is not targeting the visas of Hajj and Umrah, but targets all visas of the Saudi government and to unite its price at one price. As awareness from the Saudi Government, in order to serve hajjis and pilgrims, the first Hajj and the first Umrah of any Muslim were paid at the expense of the government. If there is a Muslim wants to make the first pilgrimage, he will not pay the value of the visa, and the Saudi government will pay the visa. Also, if there is a Muslim wants to make the first Umrah, the Saudi government will pay the fees of the visa. But for those who are coming again for the second or third time, he firstly drains the Saudi economy and we served for the free first time. Secondly, he takes the place of a citizen in various Islamic countries wants to come for Hajj and Umrah.

* A minister has been exempted because of overrides and the abuse of power. Is this decision is for a activating the authority of corruption?

Custodian of the Two Holy Mosques King Salman bin Abdul-Aziz Al Saud - may Allah protect him - has made changes from the first day he took the judgment, sensing the importance of the role of the authority if corruption. And also, his dissatisfaction with the role that the Authority of Corruption are playing. If the fight against corruption is not at the head of power that is meaning that you do not have the fight against corruption and you will not succeed no matter how you worked. I assure you that there will never be an exception for anyone who involved in a corruption case, whether a minister, a prince, or whatever. Anyone who convicted by enough evidence against him will be charged.

* Will social media networking contribute to detecting corruption if any?

- We must not take documents on the issue of corruption from social networking sites, where we cannot identify the counterfeit from the non-counterfeited, the real or the not real, and who has a special agenda of those who do not have a special agenda. Any Saudi citizen can be in his hand any documents of corruption or information linked to anyone or else and he believes that there is corruption, he can submit this document to the competent authorities headed by the Anti-Corruption Authority, and he must be confident that the competent authorities are in turn.

* You Highness the Prince, the open war on Houthi in Yemen, will it last?

- No one wants to continue the war.

* What is its future in your opinion?

- No doubt that when the war had there was no option for the Kingdom of Saudi Arabia, it is a must to do it, or the other will be the scenario is much worse. First his coup on the legitimacy by militias, that classified as terrorist militias and we a negative experience with them in 2009. Secondly, these Militias are forming a threat to international navigation, and all Yemen's neighbors. The third, the terrorist activity which began in the other party in southern Yemen are active in a very strong exploitation of the work of these militias, and if we waited a little danger will become more complex and will become dangerous within the territory of Saudi Arabia, within the territory of the countries in the region, and in the major international crossing points. So that, we have had no other choice. I think the Saudi armed forces have achieved very big achievements. When the operations began, the legitimate control was almost zero% on Yemeni territory. Today, the legitimacy controls 80 or 85% of the Yemeni territory, while another alliance was found in northern Saudi Arabia in Iraq and Syria to fight Da'ash, which controls part of Iraq. 60 countries led by the United States from 2014, that was a year ago before us, and until today they did not do anything. But, we are 10 countries in the region and we were able to achieve an achievement in a shorter time than the war in Iraq and Syria, this is an achievement for the Saudi armed forces, Yemeni forces, and alliance forces.

* As long as they continued to control the Yemeni territory, why legitimate authority does not move to Yemen?

- The legitimacy authority always moves between Yemen and Saudi Arabia and it has been in Aden for a long time and always avoid being the president and vice president are both in Yemen in order to mitigate the danger of the liquidation of Yemeni legitimacy, so they make steps in this way.

* There is a talk about a disagreement between Saudi Arabia and the United Arab Emirates about “El-Eslah group”, their role in the war, and the future of Yemen. What is the validity of this speech?

- Rumors are too many and certainly enemies want to create as much rumors as possible among allies.

* Why are the areas under the control of al-Houthi, a more secure and stable like Sanaa than the legitimacy areas in Taiz and Aden?

- I want the source of your information, and I am skeptical of this thing completely.

* Some reports say that the alliance intelligence reports are ineffective with evidence that Houthi and Saleh still have weapons stocks?

- We can uproot Houthi and Saleh in just few days, and we can mobilize only the Saudi land forces alone and in a few days, clear all areas and the remaining 15% under the control of Houthi and Ali Abdullah Saleh. But the result will be victims in our forces by the thousands, and we will open condolences in every Saudi city and the second result is the victims of Yemeni civilians in very high and very large losses. And the time is in our side, the long breath is ours. We have the supply, we have all logistical supplies, and our morals are high. While the enemy has no supply, no money, and does not have a long breath. Time is in our favor and we will take advantage of the time that is in our favor for us. If we do not take advantage of the time that is in our favor, we have served the enemy.

* There are proposals from Ali Saleh. cannot this be a way to isolate Houthi?

- Ali Abdullah Saleh has a very big disagreement with Houthi and we know that he is today under the control and the custody of Houthi, if he is not under the control of guardianship of Houthi, his position will be completely different from his position today without a doubt. If Ali Abdullah Saleh left Sanaa to another area his position will be quite different from his position today. Today, he may be forced to many of the positions he mentioned.

* He submitted an initiative when his son came at the beginning of the war, but you refused?

- That is true, that we were trying to make a political initiative that would make us avoid the war and we were opening a discussion line at that time provided that they did not approach Aden, because if they approached Aden, it would be very difficult to discuss a political solution, and Houthi was courting in Yemen. Unfortunately, nothing has happened as we hope and we have been forced into operations.

* Your Highness the Prince, there are forces that are neither belonging to the legitimacy nor the coupists. Why do not the kingdom open lines with these forces?

- All lines are open whether the forces belong to the legitimacy or force belongs to Ali Abdullah Saleh, or those who are not belong to both sides. And every day we are attracting more.

* Are the tribes of the northern Yemen concealed neutrality? You met with the tribes how do you see them today?

- There is no doubt that the enthusiasm was very high among them and all of them are very much hatred of the Houthi group and want to get rid of them as soon as they can devote to Yemen's development programs.

* I refer to the subject of Egypt again. The relationships with Egypt were excellent. Then the Egyptian media began to suggest that the relations were almost broken, what is happening?

- You mean the media of "Muslim brotherhood". The media criticizing Saudi Arabia or the Saudi-Egyptian relationship is the same criticizing President Sisi. The Saudi-Egyptian relationship has a strong and solid relationship in the deepest roots of the relations between the countries that are not affected in any way. In the history of Egypt and Saudi Arabia, they always stand with each other conditions and at all times. That situation did not change and there is no a situation of negative attitude of the Egyptian government towards Saudi Arabia, and also, there is no a situation of negative attitude of one of the Saudi government to the Egyptian government. Egypt has not been delayed for a moment to the Kingdom of Saudi Arabia, and Saudi Arabia will not be delayed for a moment to Egypt. This is a strong conviction between the leaders of the two countries, but also between the people of both countries. Without a doubt, the enemies of Saudi Arabia and Egypt will try to create rumors in one form or another, whether from Iranian propaganda or the media of "Muslim brotherhood" propaganda to cause a rift in the Saudi-Egyptian relationship, and the leadership of the two countries does not pay attention to these polemics and trivialities.

* Your Highness has mentioned the subject of King Salman Bridge between the Kingdom and Egypt. Do Your Highness bet on it?

- That is true, the working relevant teams have started working in the offices, not in front of the media the bridge after the bridge has been approved. The results will be announced when laying the foundation stone with full details, and the time of laying the foundation stone before 2020 without a doubt.

* The islands. Have you finished the subject of islands?

- There were no problems with the islands originally.

* We heard the Egyptian media speaks about the subject that within the corridors of the courts?

- which occurred about a year ago is only a delimitation of the maritime boundaries. The islands are registered with Egypt as a Saudi islands and they are registered with Kingdom of Saudi Arabia as Saudi islands. And are also, registered in the international centers as Saudi islands. Only the demarcation of the maritime borders has been done. Both Egypt and Saudi Arabia has not relinquished any part of their territories. The demarcation of the border came for reasons of economic benefits that could be created after the demarcation of these borders, especially the King Salman Bridge, oil supply, gas supplies, power supply or train and roads that will target the port in North Sinai, and the exports of Gulf countries to Europe.

* Is it possible to see in the future a direct dialogue with Iran, despite what it is doing in the region?

- How to reach an understanding with one who has the regime is firmly convinced that his system is based on the ideology of extremism enshrined in the Constitution and stipulated in the command of Khomeini that he must control the Muslims of the Islamic world and the dissemination of the doctrine of Jaafari-Ethna Ashry ethnic of them throughout the Islamic world until the Mahdi appears. How can I convince this person? What are the interests between me and him? When I have a problem with another state, we start to solve it. For example, if there is an economic problem there is a continuation of what you want and what we want and how we understand it. Or a political problem, for example with Russia how to cooperate in Syria. What are your interests and what are mine. How do we cooperate in

Yemen and what are your interests? How do we communicate with him ?! his logic is that the Mahdi will come and he must fertile the environment for the arrival of the Mahdi and they must control the Muslim world. They deprive their people for more than thirty years of development and put him in the stage of hunger and poor infrastructure to achieve this goal, they will not change their mind on the day and night. Otherwise, their legislation will end within Iran. What are the points of convergence that can be discussed with this system! They are almost nonexistent. This system has been tested at more than one stage, in the time of Rafsanjani and it turned out to be just plays. After the Khomeini revolution, the strategy of expansion came to anger the world and then the leader of the peace who was Rafsanjani until he gained the confidence of the world, including us, he gained our confidence. After reaching another stage and a good environment, an extremist leader is sent to continue the process of expansion, such as what we saw with Ahmadinejad in Iraq, Syria and other locations. Then another leader comes to preserve the gains to satisfy the world. And then an extremist commander comes in order to continue the deployment of expansion, this will not happen, this is over. The believer is not bitten twice from a hole. We have been bitten once, and we will not be bitten again. And we know that we are the main goal of the Iranian regime, to access to the Muslim Qibla is the major goal of the Iranian regime. We will never wait until the battle occurs in Saudi Arabia, but we will work to have the battle in Iran rather than in Saudi Arabia.

* What do you think of the solution in Syria, how do you see?

- Syria is undoubtedly a very complex situation, no doubt that former US President Barack Obama missed a lot of important opportunities that could have made a big change in Syria. Today, Syria has become an international issue. Russia is present there and it is a superpower and a big country. The United States of America exists and all five major countries are there. Any friction that may occurs between these big powers could cause a crisis which is much bigger than the Middle East crisis, the situation is very complex. Today we are trying to make the most gains for the interests of Saudi Arabia, the interests of the Syrian people and the countries of the region.

From: [redacted] [[redacted]
Sent: 9/13/2017 5:31:25 PM
To: jeffrey E. [jeevacation@gmail.com]
Subject: Re:

Importance: High

i m in my car at your door .. can i ring or 2 sharp?

Sent from my iPhone

On Sep 13, 2017, at 4:07 AM, jeffrey E. <jeevacation@gmail.com> wrote:

Wed at 2?

On Wed, Sep 13, 2017 at 12:26 AM <[redacted]> wrote:

> hi habebey .. i m in new york .. the sooner we meet the faster i go back to be with my son on his first week in a new school ..
> if you bussy dont worry i can wait until thursday ..
> thnx again
>
> Sent from my iPhone
>
> On Sep 9, 2017, at 7:43 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> see you then :)
>
> On Sat, Sep 9, 2017 at 6:42 PM, <[redacted]> wrote:
>
>> thursday at 6 pm? is that ok?
>>
>> Sent from my iPhone
>>
>> On Sep 9, 2017, at 7:40 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>>
>> when is good for you? late thurs? fri lunch whatever you prefer.
>>
>> On Sat, Sep 9, 2017 at 6:35 PM, <[redacted]> wrote:
>>
>>> very well .. plz when you have a minute send me the date and the time .. i know the house by now☝
>>>
>>> Sent from my iPhone
>>>
>>> On Sep 9, 2017, at 7:31 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>>>
>>> of course
>>>
>>> On Sat, Sep 9, 2017 at 6:30 PM, <[redacted]> wrote:
>>>
>>>> 😂😂😂
>>>> are we meeting in new york?
>>>>
>>>> Sent from my iPhone
>>>>
>>>> On Sep 9, 2017, at 7:16 PM, jeffrey E. <jeevacation@gmail.com> wrote:

is this some sort of perverted question :) 12 american . of course

On Sat, Sep 9, 2017 at 5:40 PM, <[redacted]> wrote:

> what is your shoes size if you dont mind me asking?
>
> Sent from my iPhone
>
> On Sep 9, 2017, at 4:30 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>
> I think trump cut the legs off your guy . He would like to take all the credit . If there is a deal or be seen to be strong on terror
>
> On Sat, Sep 9, 2017 at 2:34 AM jeffrey E. <jeevacation@gmail.com> wrote:
>
>> See you I in. Ew york thurs?
>>
>> On Fri, Sep 8, 2017 at 11:48 PM <[redacted]> wrote:
>>
>>> tamem just called mbs .. he want to sit and talk .. breakthrough
>>>
>>> Sent from my iPhone
>>>
>>> On Sep 8, 2017, at 1:33 PM, jeffrey E. <jeevacation@gmail.com> wrote:
>>>
>>> I will get larson to call you
>>>
>>> On Fri, Sep 8, 2017 at 12:26 PM, <[redacted]> wrote:
>>>
>>>> i will bring you some kuwaiti gifts but not food😂
>>>>
>>>> Sent from my iPhone
>>>>
>>>> On Sep 8, 2017, at 11:52 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>>>>
>>>> what is your schedule in new york how long will you be there?
>>>>
>>>> On Fri, Sep 8, 2017 at 9:09 AM, <[redacted]> wrote:
>>>>
>>>>> things look very bad in the gulf .. my feeling trump do not want to end it
>>>>>
>>>>> Sent from my iPhone
>>>>>
>>>>> On Sep 8, 2017, at 2:28 AM, jeffrey E. <jeevacation@gmail.com> wrote:
>>>>>
>>>>> your man did well . congragulations
>>>>>
>>>>> --
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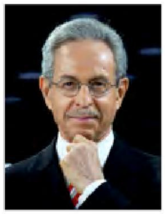
Robert Lawrence Kuhn



Dr. Robert Lawrence Kuhn is a public intellectual, international corporate strategist and investment banker, and a renowned expert on China. He is a commentator on the BBC, CNN, CGTN, CCTV, CNBC, Fox Business, Bloomberg, and other media; senior political/economics commentator on *China Global Television Network* (CGTN); and a columnist in *China Daily* and *South China Morning Post*.

For 30 years, Dr. Kuhn has worked with China's state leaders and advised the Chinese government. He spoke at the launch ceremony of President Xi Jinping's book, *The Governance of China*; he provided live commentary on CNN for Xi's policy address during his U.S. state visit (2015); and he introduced to foreign audiences Xi as "core" of the CPC (2016). He is interviewed extensively on US-China relations, including the trade war (2018).

For the 19th CPC National Congress (October 2017) and 13th National People's Congress (March 2018), Dr. Kuhn was interviewed extensively, including 24 times on CNN and BBC World News / BBC World Service, and he was quoted in newspapers and websites in U.S., Hong Kong, Italy, India, etc. His full-page, in-depth analyses of the 19th CPC National Congress were featured in *China Daily* to open the CPC Congress ("Historical Starting Point for New Stage of Development") and to close the CPC Congress ("New Era on the Road to 2050"). His essay at the opening of the Party Congress was published in *People's Daily*.

Dr. Kuhn is the author of *How China's Leaders Think* (featuring President Xi), and *The Man Who Changed China: The Life and Legacy of Jiang Zemin* (China's best-selling book of 2005). He wrote the Introduction for *Understanding the CPC*, the book series by China's ruling party, the Communist Party of China (2015).

Shanghai Media Group and Dr. Kuhn are co-creators and co-producers of the award-winning, five-part series *China's Challenges*, broadcast internationally (PBS stations in the U.S.) and in China. Dr. Kuhn is writer and host; Peter Getzels is director. *China's Challenges* won first prize in China News Awards twice (2013, 2018). A second season won an Emmy Award (Los Angeles, 2016). A third season (on "Xi Jinping Thought" and China 2020 / China 2050) is broadcast in late 2018.

Dr. Kuhn is the creator, co-producer and host of "*Closer to China with R.L.Kuhn*" on CGTN (China Global Television Network, co-created by Adam Zhu), the weekly series with unique access that features China's thought leaders and decision makers, broadcast globally and in China. *Closer To China* focuses on China's politics and government, CPC/Party, economics and society, reform and development, and international affairs and relations, with emphasis on Xi's policies and philosophy.

A special documentary on President Xi's "targeted poverty alleviation" campaign, co-produced by CGTN, Dr. Kuhn and Adam Zhu, is in production. Dr. Kuhn is host and writer. Peter Getzels is director.

Dr. Kuhn was one of only two Americans, with Henry Kissinger, named as the first "China Visionaries". He was selected by *Oriental Outlook* magazine (Xinhua News Agency) as one of the all-time, top-ten influential supporters of China's ruling party/CPC (he is the only one living).

An international corporate strategist and investment banker, Dr. Kuhn works with major multinational corporations, CEOs and C-Suite executives, in formulating and implementing China strategies by applying his "politico-strategic framework". He was president/co-owner of the largest middle-market M&A firm in the U.S. (sold to Citigroup in 2000).

Dr. Kuhn is creator, writer and host of *Closer To Truth* (produced and directed by Peter Getzels), the long-running PBS/public television series on science and philosophy (broadcast continually since 2000, over 275 TV episodes; more are in production). Dr. Kuhn is author or editor of over 30 books on China, corporate strategy, finance, science and philosophy (including, with the philosopher John Leslie, *The Mystery of Existence: Why is there Anything At All*).

Dr. Kuhn is chairman of The Kuhn Foundation which supports new knowledge in science and philosophy, classical music, and informed relations between the United States and China. The Kuhn Foundation produced the feature documentary "Khachaturian" on the life and music of the Armenian-Russian composer Aram Khachaturian, which won the Best Documentary award at the Hollywood Film Festival.

Dr. Kuhn has a B.A. Human Biology (Johns Hopkins); Ph.D. Anatomy/Brain Research (University of California at Los Angeles, UCLA); MBA (Massachusetts Institute of Technology, MIT).

CNN – Quest Means Business

Future of U.S.-China Trade Relations

Robert Lawrence Kuhn, August 27, 2018

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s Business
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TRUMP ON CHINA TRADE: "NOT THE RIGHT TIME TO TALK"
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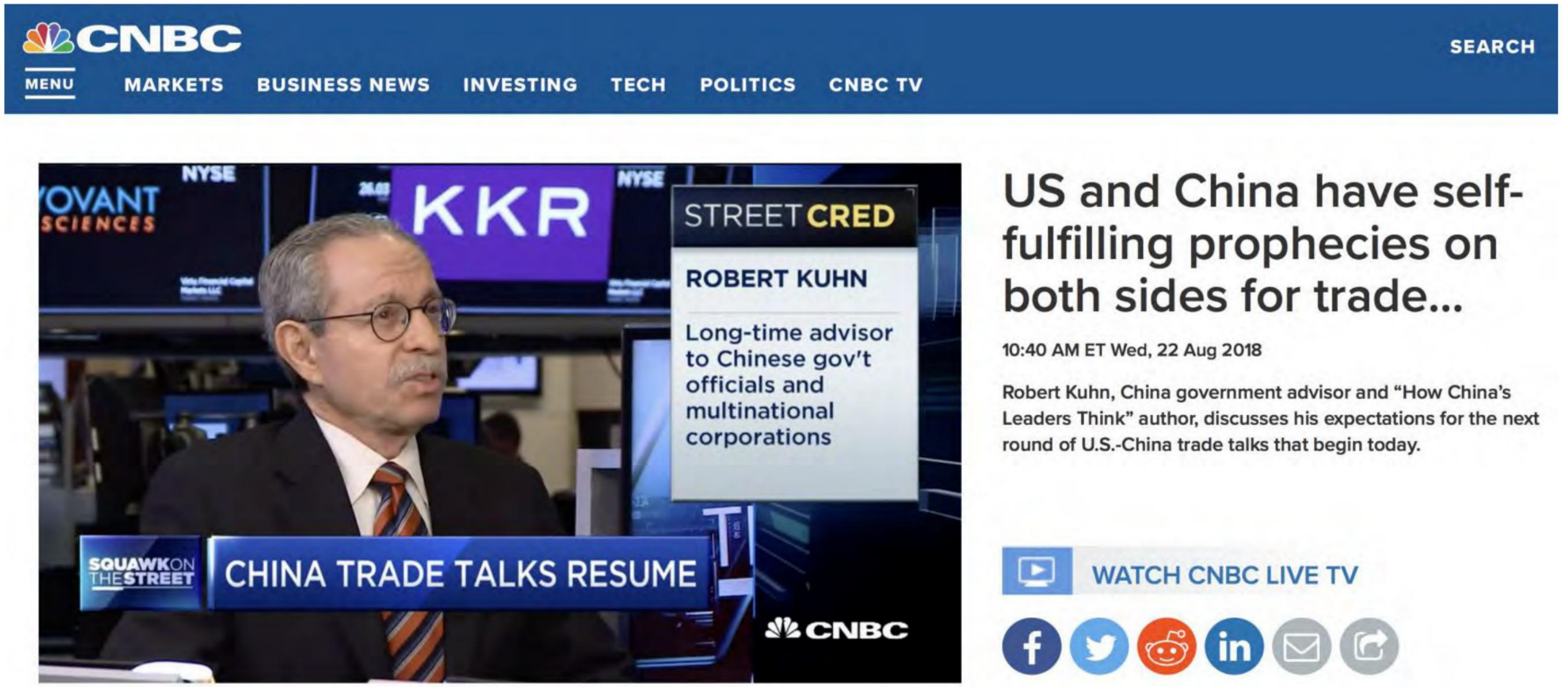
CNBC
Squawk on the Street
US-China Tariffs - US-China Trade War
Robert Lawrence Kuhn, August 22, 2018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Long-time advisor to Chinese gov't officials and multinational corporations
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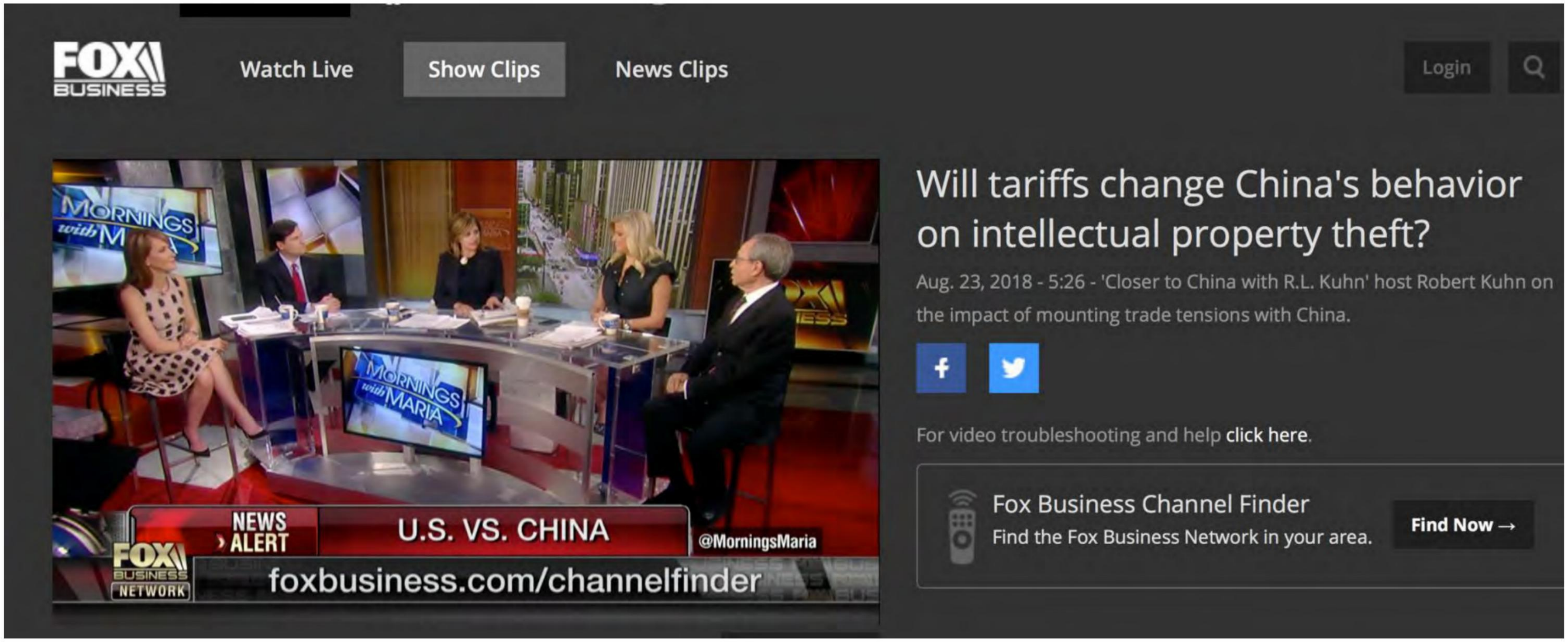
US and China have self-fulfilling prophecies on both sides for trade...

10:40 AM ET Wed, 22 Aug 2018

Robert Kuhn, China government advisor and "How China's Leaders Think" author, discusses his expectations for the next round of U.S.-China trade talks that begin today.

FOX BUSINESS
Mornings with Maria (Maria Bartiromo)
US-China Tariffs - US-China Trade War
Robert Lawrence Kuhn, August 23, 2018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Will tariffs change China's behavior on intellectual property theft?

Aug. 23, 2018 - 5:26 - 'Closer to China with R.L. Kuhn' host Robert Kuhn on the impact of mounting trade tensions with China.

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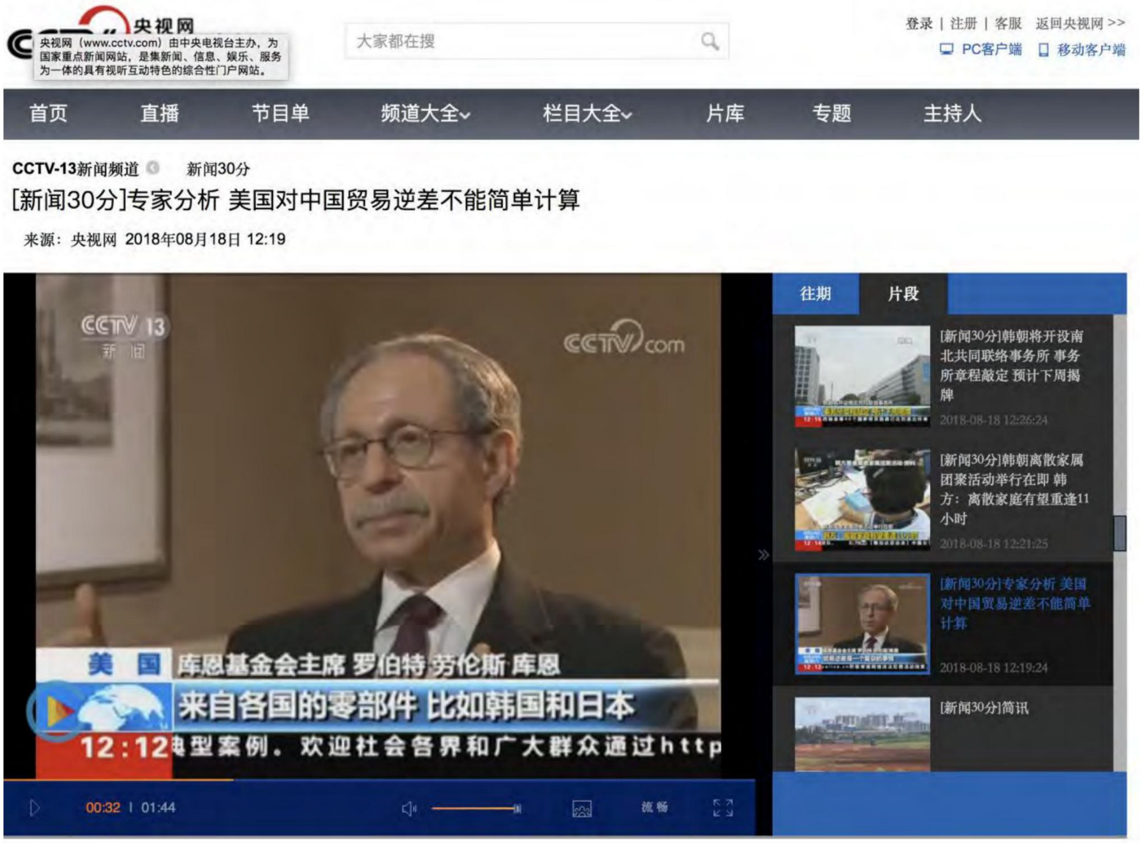
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CCTV-13新闻频道 新闻30分

[新闻30分]专家分析 美国对中国贸易逆差不能简单计算

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CCTV 13 新闻
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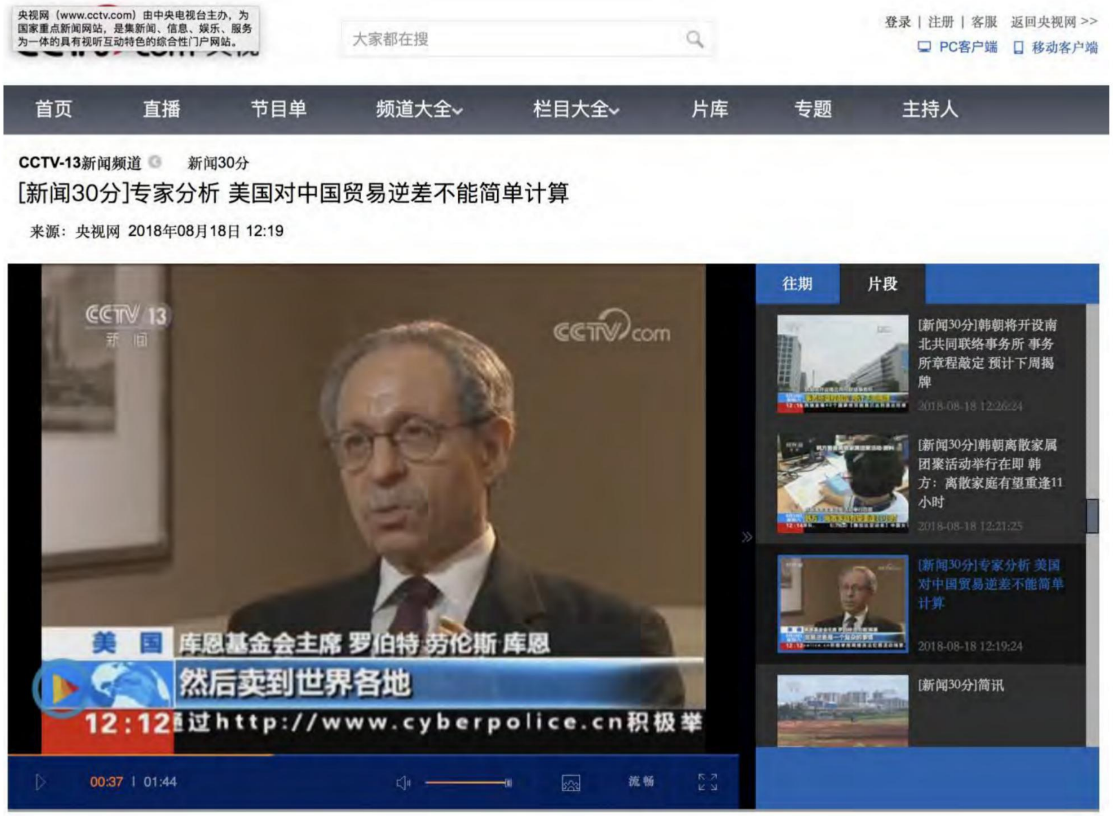
[新闻30分]韩朝将开设南北共同联络事务所 事务所章程敲定 预计下周揭牌
2018-08-18 12:26:24

[新闻30分]韩朝离散家属团聚活动举行在即 韩方：离散家庭有望重逢11小时
2018-08-18 12:21:25

[新闻30分]专家分析 美国对中国贸易逆差不能简单计算
2018-08-18 12:19:24

[新闻30分]简讯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CCTV-13新闻频道 新闻30分

[新闻30分]专家分析 美国对中国贸易逆差不能简单计算

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然后卖到世界各地
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00:37 | 01:44
流畅
往期
片段

[新闻30分]韩朝将开设南北共同联络事务所 事务所章程敲定 预计下周揭牌
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2018-08-18 12:21:25

[新闻30分]专家分析 美国对中国贸易逆差不能简单计算
2018-08-18 12:19:24

[新闻30分]简讯

BBC World News

President Xi Jinping-NPC Closing Session

Robert Lawrence Kuhn

March 20, 2018

HOST: Well joining me now from Beijing is Dr. Robert Lawrence Kuhn, advisor to the Chinese government and author of the book *How Chinese Leaders Think.* Thanks so much for joining us here on the program. Usually the NPC is seen as sort of a choreographed event: we know what to expect. But this time it felt very different.

RLK: It certainly was different. You have to look at this year's National People's

IMPACT
BBC WORLD NEWS | THE PHILIPPINES
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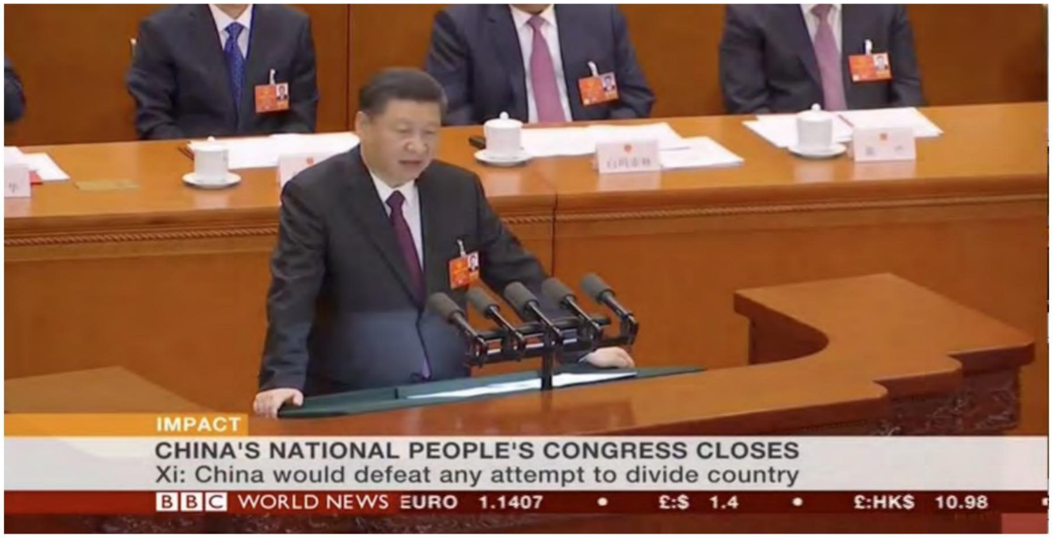
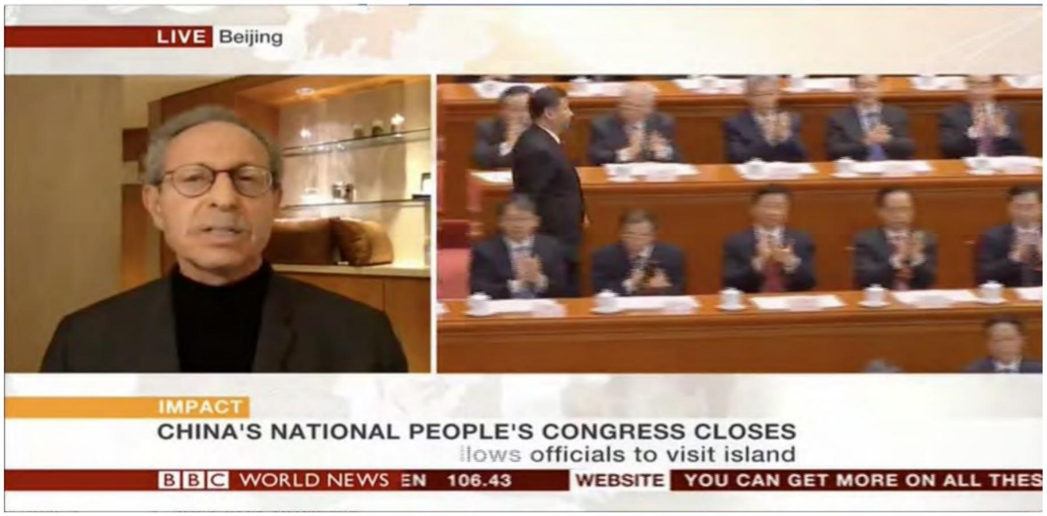
Congress - and the so-called Two Sessions - as part of the "political season" which begins with the party congress in October and goes now to the government sessions in March. And normally there is a predictability and what happens at the National People's Congress is not very significant.	 IMPACT CHINA'S NATIONAL PEOPLE'S CONGRESS CLOSES Xi: China would defeat any attempt to divide country BBC WORLD NEWS EURO 1.1407 • £:$ 1.4 • £:HK$ 10.98
RLK: This year is different: China talks about a "New Era" – and this is not just words, it is really the case. If we look at the vision that Xi Jinping gave at the party congress, what we see here at the National People's Congress we see as the implementation of that vision across a very broad front.	 LIVE Beijing IMPACT CHINA'S NATIONAL PEOPLE'S CONGRESS CLOSES llows officials to visit island BBC WORLD NEWS EN 106.43 WEBSITE YOU CAN GET MORE ON ALL THES

RLK: People have focused on term limits - understandably so - but the change is only for the presidency. Xi Jinping by having been made “Core” of the Party in October 2016 - actually with that designation undermined “collective leadership” - and when Xi’s name was put into the Party Constitution as the contemporary arbiter of Marxism - on which the Party is based and the Party rules the country - he then became the overarching leader, no matter what position he would hold.

LIVE Local Time 22:05
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CHINA'S NATIONAL PEOPLE'S CONGRESS CLOSES

Xi spoke of a "China solution" to world problems

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Xi spoke of a "China solution" to world problems

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CNN International

President Xi Jinping, China, Term Limits

Robert Lawrence Kuhn – March 12, 2018

HOST: Let’s talk about President Xi Jinping with our gues,t Robert Lawrence Kuhn, a longtime advisor to the Chinese government, the author of *How China’s Leaders Think,* and the host of *Closer to China with R.L. Kuhn* on the China Global Television Network. Thanks for being with us.

RLK: Hi Natalie. Interesting day we’re having.

HOST: Isn’t it, though? So, I guess the first question would be to follow up on your book title, how China’s leaders think. What is Xi Jinping thinking with this move?

Atlanta
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CHINA PRESIDENCY
PARLIAMENT VOTES TO END PRESIDENTIAL TERM LIMITS
LIVE
CNN
9:32 AM CET
CNN NEWSROOM

RLK: First of all, we have to understand it in context. There are twenty-one different clauses in this Constitutional Amendment, and the whole point of it is to strengthen the governance system of China. Now China is a party-state system where the party controls the state. Everyone is focusing on the abolition of term limits, and it is important, but we need to understand the context within this party-state system. In October of 2016, Xi Jinping was made "Core" of the Party, which meant the collective leadership of the past was no longer operative; that X was, in essence, for the Party, the decision maker. Then just this last October at the 19th CPC National Congress, his name was put into the Party Constitution as "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era,"… it's a big phrase.

via Skype
Beijing
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Beijing
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中华人民共和国第十三届全国人民代表大会第一次会议
CHINA PRESIDENCY
PARLIAMENT VOTES TO END PRESIDENTIAL TERM LIMITS
Robert Lawrence Kuhn | Author, "How China's Leaders Think"
LIVE
8:33 AM GMT
CNN NEWSROOM

RLK: But what it means is that Xi is the arbiter of Marxism and party theory. That means in terms of being the Core ot the Party and the interpreter of Marxism that gives him ultimate power. He doesn't even need a formal position when has those two and the Party continues to run the country.

HOST: Is that a good thing? How can it be a good thing for the country when one person has the ultimate power?

RLK: There are two issues. One is how it happened: Now the abolition of presidential term limits coordinates with the Party and military, together the three largest positions. So they're now coordinated because he already had that power in the Party and the military.

Beijing
4:33 PM
中华人民共和国第十三届全国人民代表大会第一次会议
CHINA PRESIDENCY
PARLIAMENT VOTES TO END PRESIDENTIAL TERM LIMITS
LIVE
9:33 AM CET
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Amanpour on CNN

President Xi Jinping, China, Term Limits

Robert Lawrence Kuhn – Minxin Pei

March 5, 2018

HOST: When it comes to trade, one country more than any other has been the target of Trump's rhetorical wrath, and that's China. But my next guest tells me that the promised tariffs won't bother China much, as we've been discussing. In any way, they in China are dealing with much more important things, like the proposal for the rubber stamp Party Congress which starts its new session today to change the Constitution, and lift all term limits on President Xi Jinping, effectively making him president for life. Now, I've been talking to Minxin Pei: he's a professor of government at Claremont McKenna College in California, and to Robert Lawrence Kuhn, who is the author of *How China's Leaders Think*, and he is the host of a show on the government-run CCTV news channel in Beijing. Gentlemen welcome to you both. Let me start by asking you, Robert Lawrence Kuhn there in Beijing. From the Chinese government perspective, these tariffs that the president of the United States has announced, how much does it concern Beijing?

RLK: Well certainly it's a concern, but I would call it a minor annoyance as opposed to something extremely serious. They have a lot on their plate here. The last thing they want is a trade war with the U.S., but they have to react. If the U.S. does something, there has to be something that they will do in retaliation. They will ratchet it down. They will signal, as you do, that they do not want to accelerate this, but to save face and to be appropriate, they'll have to match it.

HOST: To you Minxin Pei, how do you see this playing out?

MP: If the investigations find China at fault, or guilty of some practices, then the US has a wide range of options to punish China on a trade front. And if these things happen, then US-China trade war will take place. Another thing I want to say is that US-China relations have turned a corner. This is a relationship that has headed toward a long period of confrontation, and adversarial relationships. So what is going to happen on the trade front is part of a much larger picture of geopolitical rivalry, if not competition.

Bloomberg

Bloomberg TV Worldwide

President Xi, China, Economy

Robert Lawrence Kuhn – March 5, 2018

HOST: You were there at the Great Hall of the People. What was your main takeaway from what some have described as Li Keqiang's impossible challenge: how to deleverage, how to take away stimulus, and still keep 6.5% growth?

RLK: I don't take the 6.5% growth as the primary objective here. I mean you have to look at what these National Peoples Congresses are. They're not setting the vision and the strategy. That was set at the party congress in October. What we're dealing here is the implementation of the policies. If you attend these every year you know they all look and sound the same because it's the same structure, same kind of structure of numbers, so what you do is look for the differences. What are those subtle differences between one year and another. That's what I focus on at these congresses.

HOST: What's the main difference you saw?

BBC World News
Xi Jinping and the New Politburo Standing Committee
Robert Lawrence Kuhn
October 25, 2017

HOST: We're going to put a question to Robert Lawrence Kuhn, who's a long-time advisor to the Chinese government. Robert, great to see you again. You were with us at the very beginning of the Party Congress and you were at the Congress today when it finished. Did you have any vision, any inkling that President Xi Jinping would take on so much authority? Also, what about the fact that there is no successor candidates among the new leaders?

RLK: I was interviewed in early 2012 by a well-known American television network and the question put to me, in January of that year, was, "isn't Xi Jinping going to be a very weak leader because he was not appointed by Deng Xiaoping and he has no strong base of support?"

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CNN International

Xi Jinping and the New Politburo Standing Committee
Robert Lawrence Kuhn - October 26, 2017

HOST: The author of *How China's Leaders Think: The Inside Story of Past, Current and Future Leaders,* Robert Lawrence Kuhn is a longtime advisor to the Chinese government. He comes to us once again from Beijing. We talked this time yesterday. Good to have you back. And we discussed yesterday what we would learn about that lineup of the standing committee. It hadn't been revealed at that point that we spoke, but we now know and is it correct to say the most significant thing is no sign of a leader in waiting? **RLK:** I think the most significant sign is who the people are and how they relate to each other. It's a group that actually respects traditional norms.	CHINA'S NEW POWER PLAYERS PRESIDENT XI'S THOUGHTS NOW COMMUNIST PARTY DOCTRINE LIVE CNN NAS ▼ -34.54 @HolmesCNN
RLK: There was thought that Wang Qishan, for example, might violate norms by being on the Standing Committee after the traditional retirement age and that's not the case. There is balance among the member in terms of their geographies, even their political affiliations within the party which internally are important. Two are from Shanghai, two are from the Communist Youth League - one is actually from Shanghai and the Youth League as well but he's really from Shanghai - two have a long relationship with General Secretary Xi. And then of course General Secretary Xi has the overarching power as everyone says - and that is correct and will be correct for a long time to come.	CHINA'S NEW POWER PLAYERS PRESIDENT XI CEMENTS POWER, REVEALS LEADERSHIP TEAM Robert Lawrence Kuhn | Author, "How China's Leaders Think" LIVE CNN NAS ▼ -34.54 TODAY

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CHINA'S COMMUNIST PARTY ALREADY ELEVATED STATURE OF PRESIDENT XI JINPING

Observers offer fresh insight for new era

Intellectual hails progress made in past while warning of challenges that lie ahead

By LI YANG
liyang@chinadaily.com.cn

Robert Lawrence Kuhn has many titles, ranging from investment banker to anatomy researcher. But he is better known in China as a specialist who knows the country inside out.

Over the past 29 years, he has visited almost every provincial region and spoken with people from all walks of life, including some who have gone on to become State leaders.

"It's been a great gift to my life to be able to learn so much about China's rich civilization, political theories and the whole development," he said.

Kuhn, who is from the United States, learns as an outsider but communicates as an insider. In his talk show *Closer to China with R.L. Kuhn* on the China Global Television Network, he presents China's complex story to the world through candid, intimate discussions with the country's decision-makers.

In a hotel suite in Wangfujing, downtown Beijing, one busy lunchtime last week, Kuhn shared his thoughts on Chinese politics with China Daily, between exercising and a meeting of the Communist Party of China, which he had been invited to attend as an observer.

He spoke passionately about the 19th CPC National Congress, which was held in Beijing in October, describing it as "a milestone congress that set the agenda for more than 30 years".

The Party proposed two new concepts at the congress — "a new era of socialism with Chinese characteristics" and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, which has been written into the Party Constitution.

"To understand China today, it is critical to appreciate what the new era means. … I like to understand new era in two categories: its characteristics at home and abroad, and its timeline," Kuhn said.

He has obviously developed his own way of explaining terms with Chinese characteristics. That is to break down the characteristics, domestically and internationally, rather than delve into the term.

He listed a number of challenges in China's new era, from pollution to medical care, among which he said the biggest is the rising expectations of the people at home, because "now that the people have some, they want more".

The complex international environment is the main characteristic of the new era, as the world is fragmented by diverse problems and challenges, he said.

While explaining what he called the timeline of the new era (2017, 2021, 2049) and expounding his understanding of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era — which he broke down into three categories: serve the people, national rejuvenation, and governance modernization — Kuhn showcased his knowledge of the Party's files, which he has clearly learned by heart.

He recited almost every key point of the 68-page report Xi delivered to the congress in October. More important, he made connections between these points, presenting them in a vivid way, seasoned with personal experiences and thinking.

When asked about the effects of the anti-corruption campaign, he immediately listed 10 objectives. That's his style of approaching Chinese issues — divergent thinking and a vigilance not to lose sight of the connections between different points.

"I like to understand new era in two categories: its characteristics at home and abroad, and its timeline."

Robert Lawrence Kuhn, investment banker and anatomy researcher

Q&A | ROBERT LAWRENCE KUHN

You hold multiple titles now. How have you managed to master so many different fields? Do they have anything in common?

There's one word to describe the commonality, that is "passion". Whatever I've done I want to have passion for it. To expand that a bit, it's the passion to learn. I'm not here to teach, I love to learn. When I write a new book, it's something I want to learn about. I use that vehicle to learn. So passion about learning is the common denominator. China has given me a hugely rich life because of everything I've learned here.

VISION CHINA
New Era, New Thinking
新时代大讲堂

From left: Zhao Jianguo, head of the international communication bureau of the Publicity Department of the Communist Party of China Central Committee; Jiang Qingzhe, Party chief of the University of International Business and Economics; China Daily reporter Andrew Moody; Guo Weimin, vice-minister of the Information Office of the State Council; speakers Robert Lawrence Kuhn and Liu Xin; Zhou Shuchun, publisher and editor-in-chief of China Daily; and Zhang Jianmin, head of translation and interpretation for the Ministry of Foreign Affairs, pose for a photo at the inaugural Vision China event on Monday at UIBE. FENG YONGBIN / CHINA DAILY

British journalist tells China's story to the world

By LIU XUAN
liuxuan@chinadaily.com.cn

Despite living and working in China for a decade, Andrew Moody's ability to speak Mandarin is still at a basic level. Yet that has not stopped the award-winning journalist from interpreting China's story for the world.

Moody joined China Daily nine years ago and is now a senior correspondent. He has written more than 150 cover stories for the paper's European Weekly and African Weekly, examining a wide range of issues including the Belt and Road Initiative.

The job has provided him with firsthand experience of how China is developing as well as the chance to record reactions from the outside world, especially in the West, toward the nation's growth and changes.

He was at the Great Hall of the People to hear General Secretary Xi Jinping deliver a report to the 19th National Congress of the Communist Party of China in October, when the concept of a "new era" was first mentioned.

"The consensus of the various people I spoke to in the hours after the speech was that China's entering a new era could be a momentous turning point in world history," Moody said.

According to his interviews, he said, people believe that a more confident China is striding into a world that it also is helping to shape.

Moody has his own understanding of the new era. With 40 years of reform and opening-up, he said China has reached a point where it can move on in many ways, such as in foreign policy, global governance and domestic reforms. "China has reached a new junction and has to move forward."

The British journalist has written many stories that explain China to the rest of the world, and these have brought him many honors, including being named a State High-End Project Foreign Expert.

"I like reporting on China because it's perhaps the 21st century's most fascinating story," he said. "The real fun of reporting in China is the closeness to the actual story, the big fascinating story of China merging into the 21st century, the stories that maybe Western media don't really have the chance to interview."

Moody sees his task as communicating China to a global audience, and there are still a number of things that need to be done, he said.

"I go back to the UK quite a lot, and I still don't think that people are aware of the impact of a much bigger Chinese economy and China's being a more significant player in the world," he said. "All I can do is to report and do stories one by one."

"The real fun of reporting in China is the closeness to the actual story, the big fascinating story of China merging into the 21st century."

Andrew Moody,
China Daily senior reporter

Q&A
ANDREW MOODY

How do you overcome the challenges of showing the real China to the world, especially to those who have biases against China?

It's a long-term thing, and you cannot change this overnight. There are negative perceptions about China. It's about engagement. If China has much more interactions with the rest of the world, then people will see China as it actually is. One of the 2035 objectives is to better increase China's soft power. Organizations like China Daily can actually play a role in improving China's soft power. But I do think it's a long-term process, and China doesn't need to be too sensitive toward criticism.

What they say

Vision China is the first high-end event organized by China Daily and UIBE after the two sides launched a partnership. By telling China's stories in an objective and rational manner, it aims to help students get to know a real China and an objective world, and to understand China in the new era.
Wang Jiaqiong, *president of the University of International Business and Economics*

I've learned a lot from Vision China today. What impressed me most is how to eliminate bias against China when telling China's stories. The three experts shared a common opinion, which is to show a true China and not care too much about comments from the outside world. The sincerest story is often the most touching one.
Zhu Yue, *a senior student majoring in international politics from Beijing International Studies University*

It was an interesting lecture. It was good to understand certain aspects about China. It would be good to have things like this abroad because it's about China. You don't have to explain China to the Chinese people, but you need to explain it to the outside world.
Nektarios Palaskas, *science and technology counselor for the Swiss embassy*

This event was very interesting. You invited distinguished speakers, and all of them are of global thinking and have a vision about China. China is booming, and everyone is interested. I enjoyed hearing the speakers' ideas about how China will be in the future. I came here with an open mind.
Ratthawoot Nanthaikuakool, *first secretary of Thai embassy*

Broadcaster sees choice and confidence in rising nation

By YANG WANGLI
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For 20 years, Liu Xin has had a singular goal: to build a bridge of understanding between China and the outside world.

The television presenter began working for China Central TV, the State broadcaster, in 1997, two years after becoming the first Chinese to take part in — and win — the International Public Speaking Competition.

Early last year, her desire to share China's story received a major boost when she was chosen to host *The Point*, a prime-time discussion show that airs weekdays on the China Global Television Network.

She said that China entering a new era means three things: opportunities, challenges and responsibilities.

"My winning speech in that 1995 national competition was about choice," she said. "After 15 years of reform and opening-up, we Chinese now enjoy an abundance of choice in our daily lives."

After listening to General Secretary Xi Jinping's report at the opening of the 19th National Congress of the Communist Party of China, Liu said she was impressed with his use of the word "confidence".

"It's the confidence China has developed through knowing that our system works. The confidence about who we are as a people, as a culture. And it's the confidence about our future role in the world," she said.

"As media workers, we believe we have a great story to tell. In the past, people relied on a few correspondents or experts for information and opinions on China. But more people are tuning in to Chinese media for information, both traditional platforms such as TV and online."

As more questions emerge in the minds of those watching from outside China, Liu said the opportunities to tell stories from inside the country are growing. However, so too are the challenges.

"Because of the ideological differences between China and the West, China has always been the subject of Western media criticism, which is often downright bashing based on falsehoods," she said.

Now that China has defied all kinds of predictions of a collapse or economic hard landing, Western observers are having a hard time explaining the China phenomenon, she said, adding that the result is an ignorance-based superiority complex mixed with bewilderment and iced with jealousy.

During her 30-minute program, Liu conducts live interviews with guests in the studio or via satellite link to get a Chinese perspective on two to three topics that affect people around the world.

"I understand the urgency to be more assertive, but I believe we always need to be aware of the danger of putting feelings before reason, putting opinions before facts," she said. "Nationalism is my biggest enemy.

"President Xi has said we need to improve the quality and effect of development. I believe this also applies to China's international communication. The Chinese people will work hard toward a community of a shared future, regardless of how others view us."

Meanwhile, Liu has a job to do. "As a journalist, our duty is to tell China's story as it is, one topic at a time, one show at a time," she added.

"China has always been the subject of Western media criticism, which is often downright bashing based on falsehoods."

Liu Xin, host of *The Point* on China Global Television Network

Q&A | LIU XIN

As a professional journalist, what do you think China's mainstream media could do to better report China to the outside world in such a media transformation age?

It's challenging. I think we need to be aware of new technology. And the content is very important. If we're more confident, we can really be more sincere, be more at ease with our problems and our achievements. So let's have a sincere conversation, not shy away from the problems we're facing. That's why I say let's tell the China story as it is. It's not 100 percent about achievements. Every day we see mixed news, we have mixed feelings, so let's be factual, let's be sincere and let people decide whether they want to watch us or not. This is going to take time, but I think if we follow the right philosophy, the right steps, we're going to make it.

INSIGHT

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Power with purpose

Robert Lawrence Kuhn explains why abolishing presidential term limits may well be good for China

To interview delegates and officials at the annual National People's Congress in Beijing, interspersed with being interviewed in the international media about China abolishing term limits for its president, is to inhabit parallel universes.

Delegates and officials focus on clusters of issues from controlling financial risk and reducing pollution to scientific innovation and business stimulation, plus enhancing and institutionalising China's anti-corruption campaign with a powerful National Supervision Commission. The international media, no surprise, focus on the constitutional amendment ending term limits, assuming President Xi Jinping will now serve in a for-life dictatorship, reminiscent of Mao's China, the Soviet Union, the Kim family in North Korea and some African countries.

It is no challenge to explain why abolishing term limits is bad for China – dependency on one human being who is not omniscient but is hostage to fortune, fewer and weaker checks and balances, forced conformity in a complex society with no easy answers, etc. The system begins stronger in that hard choices can be made and consistency maintained, but it could become brittle in that officials are more wary and may say things they do not believe.

It is a challenge to explain why abolishing term limits is good for China, so that's what I will do.

First, some background. There are three separate issues being conflated: the significance of ending term limits, the intended consequences and the unintended consequences. Though terminating the two-term limit for China's presidency captures headlines, it is more the symbolic, final step ratifying Xi's near-absolute power than the big breakthrough itself. Xi's prior designation as "core" of the Communist Party in October 2016 and the inscribing of "Xi Jinping Thought…" into the party constitution in October 2017 were more meaningful.

Many expect this experiment to end badly for China. It is indeed an experiment but its end is not set

Moreover, the Politburo Standing Committee, the highest authoritative body in China, unambiguously supports Xi. China watchers see the front page of *People's Daily* – published the day after the new Standing Committee marched out on stage – which featured Xi's photo on top, many times larger than the smaller, subservient photo of all seven members lined up on the bottom.

All this reconfirms that, in a system where the party controls the state – especially where the party is Marxist and ideology is its basis for being – Xi, as core of the party, with his name inscribed in the constitutions of party and state as the contemporary arbiter of Marxism, will be the uncontested, overarching leader of China for the rest of his sentient life.

For intended consequences, the official line is that the purpose is national cohesion brought about when the three top leadership positions – general secretary of the party, chairman of the Central Military Commission and president of the republic – are aligned temporally and held by a single person.

This makes sense, but as a primary, proximal motivation, it is not entirely persuasive. The current structure has existed for decades without outcry or angst (not to mention that the three positions could be unified by installing term limits on the other two).

The "new era", marked by economic, social and global complexities, is said to require firm and consistent leadership, making moot inner party struggles and even mitigating political gossip, facilitating focus on the tasks of governance and development. Specifically, because advancing reform has become more difficult, with entrenched interest groups resisting change, the message must now go forth that all must get with the programme, because you can't outwit or outwait Xi.

Because, it is said that only Xi has the vision, experience, competence and character to bring about "the great rejuvenation of the Chinese people", especially from 2020 to 2035 and ultimately to 2050 – bringing China to global centre stage – Xi's unimpeded leadership is deemed essential. China cannot afford "downtime" to accommodate a change of leadership, and after Xi's success at the 19th National Party Congress came the time to make clear that he will call the shots for the foreseeable future.

Some argue that doing away with term limits shows the superiority of the Chinese system as it allows flexibility in matching leadership to requirements (though what national leader, when extending his reach, has not claimed "current requirements" as justification?).

The party-run *Global Times* stated that ending term limits does not mean China has reverted to president-for-life tenure. (But who can deny that however long Xi holds the top positions seems largely up to him?)

As for the unintended consequences, the almost unanimous, disparaging foreign reaction – other than US President Donald Trump's – did not burnish China's international image.

More worrisome would be a reluctance by officials to offer constructive opposing views on central policies.

By stressing term limits, the international media misses fundamental changes going on in China – this year, innovation, streamlining of government, facilitation of business (cutting bureaucracy and reducing taxes), rural revitalisation and rural land reform. The 13th National People's Congress shows how the grand vision and mission of the 19th National Party Congress is translated into specific strategies and policies. If one sees only term limits, one cannot visualise the big picture.

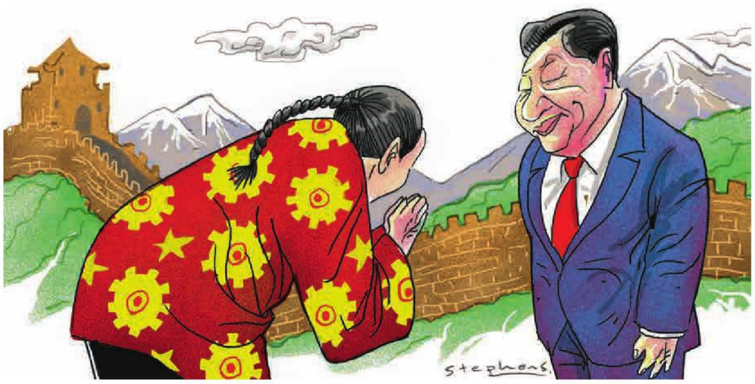
As for Xi maintaining the presidency perpetually, it doesn't actually matter much – this is the deep insight of how China's party-state system works. Xi as core of the party and "Xi Jinping Thought…" as the party's (and now the state's) guiding principle means that Xi can transfer titular party leadership and/or the presidency to others and still maintain his overarching power. It may well be that, after serving two or even three more terms, rather than trying to find and install another leader like himself, he will move to bring about true democracy within the party.

Here's the best case. Xi will not be leader-for-life, but leader long enough to bring about China's national rejuvenation and establish a Chinese kind of democratic norms. Could Xi continue until around 2035, when China plans to have "basically" achieved full modernisation, heading towards, by mid-century, 2050, a "great modern socialist country"?

Many expect this experiment to end badly for China. It is indeed an experiment but its end is not set. It may be a race between achieving Xi's grand vision and some untoward perturbation that could cause fracture.

All factors considered, I am not saying abolishing term limits *is* absolutely good for China. I am saying it may be good – because of China's special conditions and Xi's special capabilities – but if it is good, it's just for this once, and it's just for so long. That's the best case. I'm rooting for Xi.

Robert Lawrence Kuhn is a public intellectual, international corporate strategist and investment banker, and China expert/commentator. He is the author of How China's Leaders Think



What the Western belt and road sceptics are missing

Wenshan Jia says there are opportunities for the whole world to benefit from China's initiative

China's "Belt and Road Initiative" is an original plan to carry out a new type of "collaborative globalisation" above and beyond US-led type. It was proposed five years ago by President Xi Jinping after the tapering off of US-led globalisation in 2008.

Xi offered three principles: mutual consultation, joint construction and shared benefits. China has since then fully executed 101 agreements with 86 countries, and total investment in the 24 countries along the belt and road regions has amounted to US$50 billion, resulting in 75 industrial and trade zones, and 200,000 jobs.

With its focus on infrastructure, the initiative is a model not only for developing countries, but also industrialised ones in Europe and North America, where ageing infrastructure needs replacing. It also adapts to each local, national or regional condition, situation and need. It is proving very democratic, more so than the lopsided US-led globalisation that spurred a populist, isolationist backlash across the Western world.

China has done a proper job of explaining to the West what the initiative is and extended a sincere invitation to each country to join. Many think tank scholars and major media outlets in the West have found it potentially lucrative and expressed relatively strong support.

Yet, instead of appreciating China's efforts to both inherit the liberal agenda of globalisation and forge a new path for global development, many Western political elite, led by the US, have started a campaign to resist the initiative. From Australia to the US , and the UK to Germany, there are calls for the West to cut interactions with China to minimise or resist its so-called "sharp power". The labels typically applied to China include "authoritarian" and "predatory", citing Beijing for not upholding "freedom, democracy and individual rights", the core values of the West.

This attitude towards the initiative reveals not only a contradiction in the Western mind, but also the narrowing or even closing of minds.

Isn't it beneficial to meet the goals of forging connectivity and cooperation, as articulated in Xi's effort to enrich and expand the meaning of the "free world" by liberating humankind from geographical, financial, political and cultural barriers? The world is no longer the West versus the rest, as we already live in a world connected by the internet. The initiative seeks to make the world more interconnected for both the West and the rest, contributing to the construction of a human community with a shared future.

Recently, the initiative has inspired and spawned a push for localisation, particularly the Indo-Pacific strategy led by the so-called "Quad" of the US, India, Japan and Australia. Some Western media view it as a rival or alternative to China's belt and road.

But I would argue that it can be part of China's initiative as long as the three Chinese principles (mutual consultation, joint construction and shared benefits) are observed in the Quad strategy. The belt and road was created to be an all-inclusive platform, so Beijing has no need to fear localisation as long as such strategies do not seek to contain China or disrupt its plan. It would be wise for the Quad and China to look for ways to collaborate.

The anti-China smear campaign must be replaced by a discourse involving consultation and communication

Quad countries need not take an antagonistic stance towards China; the anti-China smear campaign must be replaced by a discourse involving consultation and communication. The world has experienced more than enough damaging talk, not to mention wars.

The core principles of Xi's belt and road strategy must be always applied in China's interactions with local strategies. If China is, as German Foreign Minister Sigmar Gabriel told the Munich Security Conference in February, "the only country in the world with any sort of genuinely global, geostrategic concept", then Western leaders should cultivate a genuinely global strategy in line with China's vision, for the betterment of all humankind.

Wenshan Jia, PhD, is a professor in the School of Communication, at Chapman University (California) and a research fellow at the National Academy of Development and Strategy, Renmin University of China

Private clubs deserve 'cushy' rental deals

Edith Terry says private recreational clubs are part of Hong Kong's heritage and have contributed to nurturing less popular sports, as well as a unique hybrid culture

In 1964, a young German, fresh off the plane at his first job, went in search of a social group. He found a home away from home in Hong Kong's oldest private recreational club, newly relocated from a prime location on Victoria Harbour, where City Hall is today, to a modest flagstone boathouse beneath Island Road on Hong Kong's south side. Fifty-five years later, Frank Pfeiffer, a Zen Buddhist and mountain climber, is still an active member of the Victoria Recreation Club, established in 1849. He has watched it ring the changes from Hong Kong's colonial society in the 1960s, when it had only two Chinese members and no female members, to the hybrid institution it is today, under its first Hong Kong Chinese chairman, Wu Kam Shing.

Its membership is a spectrum of Hong Kong's diverse and athletically minded middle class. There is the Hong Kong Chinese court reporter who visits the club in Deep Water Bay every morning at 6am on her way from home in Ap Lei Chau to her workplace in Sha Tin. There are her fellow swimmers, many elderly, who swim out to the buoys, rain or shine, hot or cold, every day. Some 100-150 "paddlers" use the club as a base for outrigger canoeing, dragon boating and paddle boarding. Some of the sports were unknown to Hong Kong before the club nurtured them, others, like dragon boating, are deeply traditional.

In the current debate over the future of the 67 private recreational clubs that pay minimal rents to the government, history has been swept aside. True, they were designed on a colonial template, in which the diverse ethnic groups were given separate retreats. Membership at the pinnacle clubs was reserved primarily for the British. For other ethnic groups, there was a Chinese Recreation Club, a Club de Recreio, a Filipino Club, an Indian Recreation Club, and so on.

Hong Kong's colonial rulers reviewed the lease system for the private clubs in 1968 and 1979, and in the run-up to the handover in 1997 when leases were restricted to 15-year terms. At the handover, a number of leases were extended to ensure a so-called smooth transition. The sceptic would argue that this was a dodge, and indeed, in 2011, during the first post-1997 review of private recreational leases by the Legislative Council, most of the clubs seemed oblivious to public concerns as well as new requirements for "opening up" to schools and community organisations. Following the last well-publicised review in 2013 and the current investigation seeking new venues for public housing, they are no longer complacent.

The government argued that subsidies were needed because use of land for sports and recreation would never trump commercial utilisation

Should the private clubs have got their cushy rental deals in the first place? At the time of the reviews 50 years ago, the government argued that subsidies were needed because use of land for sports and recreation would never trump commercial utilisation. What was true then is even more so today. The high cost of land in Hong Kong is a drag on innovation and creativity. The existence of the private recreational clubs means it has been less of a drag on sports.

Most of the clubs with government leases are framed around core sports – golf, tennis, horse racing, swimming, sailing and rowing, to name a few. Hong Kong athletes whose development was supported by these clubs have gone to the Olympics and other international competitions. In the 1940s, the Victoria Recreation Club was the driving force behind Hong Kong's participation in the International Olympic Committee and the Hong Kong Sports Federation.

Public pressure on the clubs to forge community ties and contribute to Hong Kong through "opening up" schemes is appropriate – but not the pressure to convert their land to high-rise estates. The loss is not only to the core sports they represent but also to their unique DNA, which is the foundation of Hong Kong – diverse, cosmopolitan and adventurous. If you want to look for a Hong Kong that is not just about money, one place to look is here.

Edith Terry is the honorary secretary of the Victoria Recreation Club. She writes in a personal capacity

Stand-up paddlers participate in an event held at the Victoria Recreation Club. Photo: Jonathan Wong

2017 YEAR-END: Politics

Robert Lawrence Kuhn

Watching China's year for history

When future historians reconstruct the long history of China, they will likely circle 2017 as a year of significance. I've seen it all this year, and attended or even participated in the major events. I've conversed with Chinese leaders and experts, and searched for meaning.

I didn't appreciate the opportunity I've had until I began reviewing the year from China's domestic perspective, seeking themes and trends, discerning from what we know about the recent past to what we might forecast about the near-term future. It takes no flash of insight to see the leadership and vision of President Xi Jinping headlining almost every event.

Following is the review of the meaningful events of 2017.

Robert Lawrence Kuhn

January: Xi began the year with a memorable speech at the World Economic Forum in Davos, Switzerland, mounting a roaring defense of globalization, free trade, and economic openness and liberalization. It was the first-ever speech by China's head of state at Davos and, as commentators the world over noted with amazement and irony, as the United States under President Donald Trump was apparently retreating from the world and abrogating global leadership, China under President Xi was apparently defending the international order and promoting global governance.

March: The annual "two sessions" of the National People's Congress, China's top legislature, and the Chinese People's Political Consultative Conference National Committee, the top political advisory body, seemed to radiate more energy than usual, perhaps in anticipation of the 19th National Congress of the Communist Party of China in the fall. A highlight was the adoption of the draft general provisions of civil law, a step closer to a long-needed unified civil code.

I sensed delegates' growing confidence and assertiveness to represent their particular sectors in the competitive marketplace of public ideas and government funding, a competition that is vital for the development of China's kind of consultative democracy. This was especially true of the CPPCC National Committee, whose members are often leading experts in their fields, such that even though they do not have legal authority to pass laws, they have moral authority to exert pressure and affect change. It did not escape notice that, throughout the "two sessions", Xi was recognized repeatedly as "core" of the CPC Central Committee and of the whole Party.

Belt and Road to the fore

May: The first "Belt and Road Summit" (the Belt and Road Forum for International Cooperation), held in Beijing, was the diplomatic highlight of the year in China. Some 130 countries participated, including 29 heads of state and government. The goal was no less than the transformation of the economic structure of the developing world: building infrastructure and connectivity, stimulating development, alleviating poverty, reducing severe imbalances, promoting South-South cooperation, and revitalizing globalization.

Xi called the Belt and Road Initiative "the project of the century".

July: China celebrated the 20th anniversary of Hong Kong's return to the motherland. It was a time of reflection for the cosmopolitan city, long a global leader in economic freedom and competitiveness. Hong Kong had flourished: its way of life preserved, its economy dynamic. But times change. With Shanghai and Shenzhen on the rise, and with some claiming the "one country, two systems" principle is in decline, Hong Kong faces new challenges.

August: The People's Liberation Army celebrated its 90th anniversary. In a move both practical and symbolic, the PLA established its first overseas logistics base in Djibouti, situated strategically on the Horn of Africa.

Xi Jinping, who is also chairman of the Central Military Commission, said the PLA is becoming "strong" informationized armed forces. "The Chinese people love peace," Xi said. "We will never seek aggression or expansion, but … No one should expect us to swallow the bitter fruit that is harmful to our sovereignty, security or development interests".

Foreigners are wondering: what is the PLA's long-term plan for operating overseas? What will be the impact of the PLA's modernization and reform, especially its burgeoning blue-water navy with multiple aircraft carriers?

August: China hosted the BRICS Summit in Xiamen, East China's Fujian province. The five BRICS countries — Brazil, Russia, India, China and South Africa — have increasing influence on global economy and politics, but does BRICS as an organization make sense? China certainly thinks so, and promoted the BRICS Summit as representing a new kind of multilateral global governance. There are complexities: political instabilities in Brazil and South Africa; the growing, comprehensive cooperation between Russia and China; the sensitive, multifaceted relationship between India and China.

Throughout the year, events on the Korean Peninsula continued to intrude. While China continued to call for denuclearization and dialogue, just hours before Xi gave the opening speech at the BRICS Summit, the Democratic People's Republic of Korea detonated its most powerful nuclear bomb ever.

19th Party Congress and the New Era

October: The highlight of the year was, as expected, the 19th CPC National Congress. Not quite expected were the far-reaching proclamations and, taken together, the magnitude of their significance. I witnessed history and see six highlights.

First, Xi's name and thought were written into the CPC Constitution — "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". Xi is now, officially, the overarching creator and arbiter of political thought, and combined with his designation as "core" of the CPC, he is now the undisputed, unimpeded leader with singular authority. Xi Jinping "thought" is built on the twin pillars of people orientation and national rejuvenation, with the new concept of development (innovation, coordination, green, open, sharing) driving a new kind of economic growth.

Second, the "New Era", which is intended as a policy-energizing game changer, is a conceptual lens with which to view the range of goals, strategies and concepts that compose Xi's way of thinking and the Party's new direction.

The "New Era" is envisioned in three temporal segments: (i) from now until the fulfillment of China's first centenary goal of a "moderately prosperous society" in 2020 (2021 being the 100th anniversary of the CPC); (ii) from 2020 to 2035, when the CPC states it will build on the foundation of the moderately prosperous society so that, after "15 years of hard work", the country will "basically" realize "socialist modernization"; and (iii) from 2035 to 2050, when the CPC states it will "work hard for a further 15 years" and "develop China into a country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful". Realizing this vision at mid-century, around 2050, with China being respected as a great, modern, socialist country, is the second centenary goal (2049 being the 100th anniversary of the People's Republic of China).

Third, the new "principal contradiction" in China's "New Era" is between "unbalanced and inadequate development" and "the people's ever-growing needs for a better life", which includes increasingly broad demands for "democracy, rule of law, fairness and justice, security, and a better environment". From now on, this new-era principal contradiction, replacing quantitative GDP growth with qualitative improvement of life, is what will guide China's domestic affairs and policies.

Fourth, the Party's leadership role in governing the country is expanding and the Party's stringent approach to governing itself is intensifying. The Party will be more deeply embedded within agencies of government and sectors of society (including private companies, foreign businesses and educational institutions), and by reforming and purifying itself, the Party's governance will be stricter and more comprehensive. The anti-corruption campaign, not only continues, it has been enhanced.

Fifth, the "New Era" has China moving closer to center stage of the world and making greater contributions to humanity, offering "Chinese wisdom" and "Chinese solutions" for world problems. China's diplomacy will be proactive, championing the development of a community with a shared future for humanity and encouraging the evolution of the global governance system.

Sixth, I watched the new senior leaders of China, the seven members of the new Standing Committee of the Political Bureau of the CPC Central Committee, walk out on stage, ending months, really years, of speculation and rumor. Because everything in China reports to a Political Bureau Standing Committee member, and because of the Party's principle of collective leadership, their personalities, composition and balance determine the vision, strategies and policies that shape China.

The importance of the Political Bureau Standing Committee remains true today, but its importance frankly is also less true today. It is hard to overstate the consequences of Xi's name written into the Party Constitution, thus inscribing into perpetuity his predominant status and assuring his continuing pre-eminence in the country's political life.

WORLD ECONOMIC FORUM
2017

SHI YU / CHINA DAILY

Following the 19th Party Congress, some might have expected a respite, a slower November and December. They were anything but.

Form is substance

November: The "state visit-plus" of US President Donald Trump came at a delicate moment. Amid pomp and pageantry, including a personal tour of the Palace Museum (Forbidden City), $253 billion in business deals were signed, a world record, though critics complained it was all transactional, nothing structural. The number, some said, was more form than substance, but here, perhaps, form was substance. Both Xi and Trump hailed the visit as "successful and historic".

Yet, on sensitive topics, one could be forgiven for seeing sunlight between their positions. On trade, Xi lauded the business deals and market access, "which will deliver great benefits for the two peoples". Trump sought improved trade with China based on "a level playing field for our workers" and solving the "massive trade distortion" — which, characteristically, Trump blamed on past US administrations, not on China.

On the Democratic People's Republic of Korea, Xi reiterated China's firm commitment for a denuclearized Korean Peninsula and direct communications, while Trump said that they "agreed not to replicate failed approaches of the past" and he called for "increased economic pressure until North Korea abandons its reckless and dangerous path".

Subsequent to Trump's visit, China announced revised regulations that were indeed structural. China will reduce or eliminate (over time) limits on foreign ownership of financial services sectors, including insurance, commercial banking, securities, futures, and asset management.

Significantly, the State Council, China's Cabinet, established a Financial Stability and Development Committee to oversee financial stability and boost risk prevention (including close monitoring of "shadow banking" and corporate debt). This new supra-ministry commission will be empowered to make decisions related to reform and development, coordinate issues concerning monetary policy, and establish financial policies and related fiscal and industrial policies, thus improving the financial regulatory system.

At the Asia-Pacific Economic Cooperation Leaders' Meeting in Vietnam, Xi strengthened his themes of making economic globalization more open, balanced and inclusive; lauded regional multilateralism for promoting common interests; and stressed the Belt and Road Initiative for advancing global connectivity.

What struck me in Xi's speech was what he inserted about poverty: "To lift all the remaining poor people out of poverty is a solemn commitment made by the Chinese government to the people. It is uppermost in my mind, and I have spent more energy on poverty alleviation than on anything else."

"Upper most in my mind?" "More energy on poverty alleviation than on anything else?" An extraordinary statement from the president! Although Xi has been making high-profile visits to numerous poor counties and villages, relentlessly championing "targeted poverty alleviation" for realizing the "moderately prosperous society", this was his clearest statement that poverty alleviation is his highest priority.

Main contradiction reinforced

Two unpleasant events in Beijing reinforced the new "principal contradiction", highlighting "the people's ever-growing needs for a better life" as that surprisingly powerful lens for viewing Chinese society. The first was alleged child abuse at a kindergarten. The second was a fire in which 19 migrant workers died. In both cases, netizens reacted with anger: in the alleged child abuse, anger about a perceived cover-up; in the fire, anger for the disorderly and inconsiderate way of evacuating migrant workers.

When Xi first announced the new principal contradiction at the 19th Party Congress, some dismissed it as arcane Party-speak. Public reaction to the alleged child abuse and to the fire revealed its prescient and perspicacious wisdom.

The second volume of Xi Jinping: *The Governance of China*, a collection of 99 of Xi's speeches, conversations, instructions and letters, was published. The book offers a resource to follow the development of Xi's ways of thinking and ideas and to understand China's new guiding philosophy and the specific elements that compose it.

The month ended with what may seem a light touch when Xi called for China to upgrade its toilets. Toilets among the year's highlights? Xi was serious and his point is probative. For China to become a more civilized society, the hygiene of the people must be improved (especially in rural areas), and for China's tourism industry to blossom, better bathrooms are needed. Although China's leader talking toilets elicits smiles, and some say it downgrades his dignity, it demonstrates, above all, Xi's intrinsic commitment to improve the quality of life for the Chinese people.

December: In the first nine days of the month, Xi engaged with four international events, stressing common commitment to build a community of a shared future for all humanity.

The four engagements

To the "CPC in Dialogue with World Political Parties High-Level Meeting", Xi described four views of the future: a world that is safe and free of fear; prosperous and free of poverty; open, inclusive and free of isolation; and environmentally clean and beautiful.

At the "Fourth World Internet Conference", Xi asserted how the internet posed new challenges for sovereignty, security and development.

At the "2017 Fortune Global Forum", Xi called for openness and innovation to enhance global economic growth, pledging to liberalize and facilitate trade and foreign investment in China.

And at the "South-South Human Rights Forum", Xi emphasized that "human rights must and can only be promoted in light of specific national conditions and people's needs".

The CPC's Dialogue with World Political Parties was path-setting in that it put the world on notice that a transformed CPC under Xi is reaching out globally with pride and confidence — explaining, especially to developing countries, the developmental benefits of party leadership and party building. The point of debate, as it were, has shifted from whether the China model of a perpetually ruling party (with all that entails) is good for China to how the China model is good for other countries.

At a meeting of the Political Bureau of the CPC Central Committee, Xi directed authorities to improve digital infrastructure, promote the integration and sharing of digital resources, and protect data security, in order to better serve the nation's economic and social development as well as to improve people's lives. The big vision is to turn China into a world leader in big data and a global innovation hub for artificial intelligence by 2030.

The last major event of the year was the annual Central Economic Work Conference, which identified "three tough battles" for the next three years: preventing and defusing risks (especially financial risks), eliminating absolute poverty (China's 2020 goal), and curbing pollution (for instance, encouraging investment in environmental projects). Setting three-year targets was itself an innovation (over the traditional one-year targets), thereby strengthening long-term thinking, reducing pressures to make hasty decisions, and giving markets stable expectations.

The priority of reducing absolute debt was modified to controlling a rise in borrowing, such that China's debt-to-GDP ratio does not further deteriorate. This signaled that growth would not be jeopardized and (to the disappointment of some) debt-driven growth would continue.

To contain financial risk, China will crackdown on irregular and illegal activities in its chaotic financial industry and intensify regulatory scrutiny; continue supply-side structural reform (reducing overcapacities); and maintain a proactive fiscal policy, a prudent and neutral monetary policy, and a basically stable yuan exchange rate.

Resisting arguments for shrinking State-owned enterprises, China will make SOEs "stronger, better and bigger"; and the government will seek efficiencies by becoming more of an investor and less of an operator.

China pledged to open up its markets further and to balance trade by boosting imports (US pressures, expressed vividly by Trump, were not mentioned).

Theoretical foundation

After five years of "practice", the theoretical foundation of China's economic development is now labeled, "Xi Jinping Thought on Socialist Economy with Chinese Characteristics for a New Era", paralleling the phrase added to the Party Constitution two months earlier. The "thought" is based mainly on Xi's new concept of development — innovative, coordinated, green, open and shared development — which has been the core of his economic philosophy.

For the first time at this annual conference, topics other than economics were on the agenda. Diverse public concerns were addressed, such as burdensome homework for schoolchildren, sex discrimination in the workplace, and online scams. This was a clear consequence of how China's new "principal contradiction" in the "New Era" now drives domestic policy; as Chinese citizens seek a "better life", the government must respond.

To pick one message to characterize the year, it is this. In 2017, under the leadership of Xi, China set the trajectory, in all vital areas, of the country's domestic development and international engagement for the next 30-plus years, to mid-century, to 2050.

Every year brings challenges. For China, no doubt, big ones lie ahead. In 2018, China will celebrate the 40th anniversary of reform and opening-up. The world is watching.

The author is a public intellectual, international corporate strategist and investment banker, and China expert/commentator. He is co-creator (with Adam Zhu) and host of CGTN's Closer to China with R.L. Kuhn and "The Watcher" commentaries.

Robert Lawrence Kuhn

New era on the road to 2050

I witnessed history sitting in the Great Hall of the People during the 19th National Congress of the Communist Party of China. I listened raptly to Xi Jinping, general secretary of the CPC Central Committee, when he delivered his new-era-defining report. I heard the amendment to the Party Constitution that enshrined "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". I watched members of the new Standing Committee of the Political Bureau of the CPC Central Committee walk out on stage. I was awed by the presence of the leadership, past and present. And I was overawed by Xi's grand vision for China and the country's increasing, radiating confidence. Most of all, I marveled at the remarkable and historic transformation of China, which means so much to the Chinese people and which in this new era will mean so much to the rest of the world.

Having departed the Great Hall of the People, I reflected how I, an American, found myself caught up in the welling Chinese patriotism of the 19th CPC National Congress. Certainly, I was experiencing firsthand this inflection point in Chinese history, when China envisions itself becoming a fully modernized country and taking proactive part in international affairs, and regaining its leading seat at the high table of great nations.

What have I just witnessed? Following are some personal observations.

A general consensus describes four primary outcomes of the 19th Party Congress: Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era; a new "contradiction" that defines China's principal social challenge; a China that takes "center stage in the world"; and the Party enhancing its leadership of society, including maintaining, indeed intensifying, its anti-corruption campaign.

To me, however, a highlight was the specificity of Xi's vision of China, not only establishing policies for the next five years, but also framing the agenda and setting the strategies for the next 30 years. This congress, Xi said, is the "confluence" of the "Two Centenary Goals": a moderately prosperous society by 2020 (2021 being the 100th anniversary of the CPC), which will likely be fulfilled within the term of the 19th Party Congress, and a great, modern, socialist country by 2050 (2049 being the 100th anniversary of the People's Republic of China), which is being planned by the 19th Party Congress.

In a multi-meaning refinement, the path to mid-century is now designed in two stages. In the first stage, from 2020 to 2035, the Party states it will build on the foundation of the moderately prosperous society such that, after "15 years of hard work", the country will basically realize "socialist modernization".

In the second stage, from 2035 to 2050, the CPC states it will build on a basically achieved modernization, "work hard for a further 15 years" and "develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful". China portrays its mid-century self as a global leader in every area of human consequence: economics and trade, science and technology, military and defense, culture and governance.

But Chinese leaders, and officials in general, seem to have a different highlight. While the "Two Centenary Goals" are certainly vital, especially with new stages and specificity, they focus on the amendment to the Party Constitution: "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era".

"The (Xi's) thought is the biggest highlight of the 19th National Congress of the CPC and a historic contribution to the Party's development," said Zhang Dejiang, the third-ranking member of the Standing Committee of the Political Bureau of the 18th CPC Central Committee. Liu Yunshan, the fifth-ranking member, said the elevation of Xi's thought to the Party's guiding principle is of great political, theoretical and practical significance.

I take a closer look at Xi's thought: first by examining each of its elements, then by considering its unified significance.

"Xi Jinping" is the "core" of the CPC Central Committee and of the whole Party, and he thereby at the top level provides the "centralism" of the Party's cardinal principle of democratic centralism.

The "Thought" is the totality of Xi's fundamental principles. I see four broad categories: people orientation, national rejuvenation, comprehensive development, and Party leadership.

In his report, Xi listed 14 categories: Party leadership over all aspects of society; people-centered policies; deepening reform comprehensively; new concept of development (innovation, coordination, green, open, and sharing); people as masters of the country; adherence to rule of law, comprehensively governing the country by law; socialist value system and cultural confidence; protecting and improving people's livelihoods; harmonious coexistence of man and nature (ecological civilization); national security; the Party's absolute leadership over the military; "one country, two systems" and promoting reunification with Taiwan; international community of a shared future for all humanity; and comprehensive and strict Party governance.

The term "thought" in Chinese has special meaning because before this it had been associated only with Mao Zedong — "Mao Zedong Thought".

"Socialism" is a set of political ideas with a complex history, unified by public or common ownership of the means of production and concern for the masses.

"Chinese characteristics" is the phrase, originating with Deng Xiaoping, that adapts Marxism to China's special conditions — the Sinicization of Marxism in modern China — which includes the market playing a decisive role in the allocation of resources and the encouragement of non-public, for-profit businesses, while at the same time State-owned enterprises still playing a dominant role.

"New Era" is a new idea in the constitutional amendment, and it is designed to profoundly transform the essence of socialism with Chinese characteristics into the vision, concepts and strategies that compose Xi's way of thinking.

The more I reflect, the more I see "New Era" as a conceptual lens with which to view the 19th Party Congress. Semi-official Party analysts say the new era answers five questions.

What "road" to take? Socialism with Chinese characteristics under new historical conditions.

What kind of country to build? First, a moderately prosperous society and then a modernized socialist country.

What development to realize? Better life and common prosperity for all.

What goal to achieve? The great rejuvenation of the Chinese nation.

What contribution to make? Facilitate world peace and prosperity (exemplified by the Belt and Road Initiative of building infrastructure in developing countries).

Thus, Xi Jinping joins only Mao Zedong and Deng Xiaoping in having his name affixed to a political philosophy in the Party Constitution, a blazing sign lost on no one. It then would follow that the "New Era" into which China is now entering is the third era of the CPC and by extension of the People's Republic of China.

A seemingly subtle but significant change is the Party's judgment of what constitutes the fundamental "contradiction" in Chinese society. ("Contradiction" is a Marxist term expressing a particular way of political thinking — dialectical materialism — which identifies "dynamic opposing forces" in society and seeks to resolve the resulting tensions).

The principal contradiction has evolved from one between the ever-growing material and cultural needs of the people and backward social production to that between "unbalanced and inadequate development and the people's ever-growing needs for a better life," Xi said. The needs for the people to live a better life are increasingly broad and have to be met. Not only have their material and cultural needs grown; their demands for democracy, rule of law, fairness and justice, security, and a better environment are increasing.

This "New-Era" contradiction, replacing quantitative GDP growth with qualitative improvement of life, is what will drive China's policy.

The mission of a CPC congress is to review and assess achievements of the previous five years, and to forecast challenges and set targets for the subsequent five years (and beyond). Overall, for the 19th Party Congress, the ambition of the goals and the comprehensiveness of the categories were clear, amplified by the commitment to deepen reform. Here, by category, are what stood out.

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The Party and the fight against corruption. Confidence in socialism and the increasing role of the Party in managing all aspects of the country is unequivocal, and the increasingly strict governance of the Party, by reforming and purifying itself, is unambiguous. Moreover, the anti-corruption campaign not only continues but also will be enhanced.

Economy. After more than three decades of rapid growth, China's economy has been transitioning to slower but higher-quality growth. Supply-side structural reform has been written into the Constitution. No GDP growth targets are set. The country focuses on the real economy (as opposed to speculation, such as in the real estate sector). China is not backing away from State-owned enterprises, rather it will support State capital in "becoming stronger, doing better, and growing bigger, thereby turning Chinese enterprises into world-class, globally competitive firms".

Consumption is fundamental in driving economic growth. The framework of regulations must be improved, prudent macroeconomic and monetary policy maintained, and interest and exchange rates made more market-based. For economic development, innovation leads, especially in science and technology.

Poverty alleviation. Xi has made the elimination of extreme poverty in China by 2020 a cornerstone of his domestic policy. After all, how could China claim to have achieved a moderately prosperous society by 2020 if millions of its citizens would be still living in extreme poverty?

Opening-up. China reasserts its commitment to become more open, including easing market access and protecting the rights and interests of foreign investors. China's economists see foreign competition as upgrading the quality and cost efficiency of Chinese companies, thus better serving Chinese consumers.

Rule of Law. Strengthening and institutionalizing the rule of law, and weakening arbitrary rule of officials, is a priority. Reflecting Xi's commitment, the Party is setting up a central leading group for advancing law-based governance in all areas, coordinating the activities of judicial organs. The goal is to complete the transformation of China's legal system by 2035 with theoretical foundations and practical enforcement.

Ecology. Beautiful China is one of the country's main descriptions for its second centenary goal by the middle of the century. This modernization is characterized by harmonious coexistence between humanity and nature (such as nature parks) and it requires substantial bolstering of regulatory agencies and their enforcement powers.

Armed forces. China's goal is to transform the People's Liberation Army into a world-class military by mid-century, basically completing military reform and modernization by 2035, with information technology/cyber applications and strategic capabilities prioritized.

Especially significant for Xi's mission are the two "anti's" — anti-corruption and anti-poverty — the former to support the Party's continuing leadership, the latter as a prime example of what the Party has delivered.

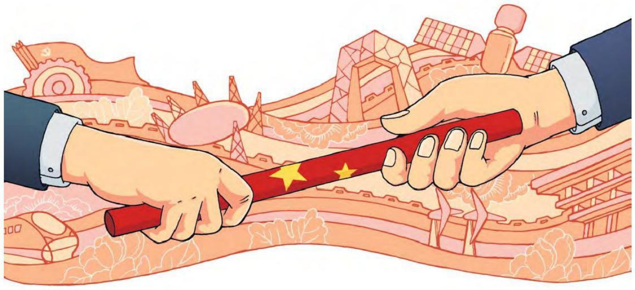
Xi does not downplay a realistic appraisal of problems, including social imbalances, industrial overcapacities, financial system risks, endemic pollution. "Achieving national rejuvenation will be no walk in the park," Xi said, an example of his plainspoken candor. "It will take more than drum-beating and gong-clanging to get there."

The speculations of China watchers, and the focus of the international media, have been on the new Standing Committee of the Political Bureau of the CPC Central Committee. Because everything in China reports to a standing committee member, composition and balance determine the vision, strategies and policies that will shape China.

This remains true today, but less true today. It is hard to overstate the significance of Xi Jinping's name written into the Party Constitution. Xi is now, officially, the originating designator and overarching arbiter of "Thought" as it relates to "Socialism with Chinese Characteristics for a New Era", which is the guiding political theory of China and encompasses, essentially, everything in China. For Xi to be named in the CPC Constitution is the ultimate in authority, surpassing even "core" (which already had superseded all other leaders), thus setting into perpetuity Xi's predominant status and assuring his preeminence in the country's political life.

That said, to know China is to know the members of the Standing Committee. They are a highly competent, highly experienced group: six of the seven have run provinces or province-level municipalities, many of which, in terms of population and GDP, are the equivalent of major nations.

Traditional norms of balance and age are respected. It's a diverse group — by geography, education and political career. They have worked together, in various combinations, for years. With much now being written about each member, I'll just offer some personal reflections.


ZHAI HAIJUN / FOR CHINA DAILY

First, of course, is Xi Jinping, general secretary of the CPC Central Committee, whose prior experience included governor of Fujian province and Party secretary of Zhejiang province and Shanghai.

In 2005, I was advised to study the "Zhejiang model", which promotes entrepreneurship to generate economic development. I met Xi, who was then Zhejiang provincial Party secretary, and he recommended that I study China both "horizontally" across diverse regions and "vertically" through the history of its development.

"To understand our dedication to revitalize the country, one has to appreciate the pride that Chinese people take in our glorious ancient civilization," Xi said. "This is the historical driving force inspiring people today to build the nation. The Chinese people made great contributions to world civilization and enjoyed long-term prosperity," he said. "Then we suffered over a century of national weakness, oppression and humiliation. So, we have a deep self-motivation to build our country. Our commitment and determination is rooted in our patriotism and pride."

But he cautioned that pride in China's recent achievements should not engender complacency.

Second, premier of the State Council, is Li Keqiang, who was Party secretary of Henan and Liaoning provinces. When I visited Li in Liaoning, he explained the complex challenges of revitalizing State-owned enterprises while creating a fertile environment for private businesses. Li shared the same experience of Xi as educated youths in the countryside in the 1970s. The experience gave them the chance to know better rural China and the lives of rural people and thus fostered their people-orientation.

The following members are new:

Li Zhanshu, who was governor of Heilongjiang province and Party secretary of Guizhou province, has been director of the general office of the CPC Central Committee since 2012.

Wang Yang, vice-premier, is former Party secretary of Chongqing municipality and Guangdong province. At the height of the global financial crisis in early 2009, he argued it was imperative to restructure Guangdong's economy, so that it can move up the ladder of industrialization and promote more knowledge-based, high-tech, low-polluting businesses.

Wang Huning, secretariat, is director of the Policy Research Office of the CPC Central Committee. Wang is well known for providing intellectual vision and sophistication in support of practical strategies and policies, ranging from political philosophy to international relations.

Zhao Leji, new chairman of the Central Commission for Discipline Inspection, has served as head of the CPC Organization Department, and before that, as Party secretary of Qinghai and Shaanxi provinces. In addition to his responsibilities for Party and government officials, Zhao provided strong support for the poverty-alleviation mission.

Han Zheng is Party secretary of Shanghai. Under his leadership, Shanghai has become a recognized leader in trade, logistics and finance.

What is the impact of all this on China's international relations?

There is no need to speculate. Xi himself, in his report, openly and boldly tells all who will listen. China, he says, "has become a great power in the world". China's global engagement is proactive, confident and growing. Economics and trade drive China's power, exemplified by the much-needed Belt and Road Initiative, but diplomacy, the soft power of culture and media, and the hard power of a blue-water navy projecting power, are developing rapidly.

As Xi said, the new era sees "China moving closer to center stage and making greater contributions to mankind". The country is now offering "Chinese wisdom" and "Chinese solutions" to the international community — the experiences and lessons of China's remarkable development, especially to developing countries.

Regarding Taiwan, which exemplifies Chinese sovereignty, Xi painted a bright red line. "We will resolutely uphold national sovereignty and territorial integrity and will never tolerate a repeat of the historical tragedy of a divided country," Xi emphasized. "We have firm will, full confidence, and sufficient capability to defeat any form of Taiwan independence secession plot."

China has asserted again that it is no threat to any country. No matter how powerful China becomes, China's leaders say it will never seek hegemony or pursue expansionism. Nonetheless, some foreigners remain suspicious, wary of China's long-term ambitions. Who knows future circumstances, they worry? Who knows how China may change? Although I fear self-fulfilling prophecy, I am encouraged that China appreciates such sensitivities and works to build confidence.

The 19th Party Congress, especially Xi's report, is an epic narrative of what China has accomplished, what China has yet to achieve, and what China envisages as necessary to be a great nation. Xi, now, carries the authority; he also bears the burden.

Setting that new target date of 2035 for China to achieve basic modernization, Xi sees China as standing at a new historic starting point and socialism with Chinese characteristics as exploring new horizons. China has entered a new era and the road ahead leads, apparently, to great nation status by 2050.

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Five years on

Robert Lawrence Kuhn

Historical starting point for new stage of development

SHI YU / CHINA DAILY

The 19th National Congress of the Communist Party of China, which begins on October 18, will set the leadership and establish the policies for the next five years, at least. While Party national congresses are always seminal events in the political life of the country, there is reason to expect that this congress will have even greater and longer-reaching impact.

Robert Lawrence Kuhn

The context of the 19th CPC National Congress is the grand vision for China presented by CPC Central Committee General Secretary Xi Jinping, who is now the "core" of "the CPC Central Committee and of the whole Party". It is an epic narrative of what China has remarkably achieved, what China has yet to do, and what China envisages as necessary to become a great nation.

Xi's grand vision is famously expressed as "the Chinese Dream", described as "the great rejuvenation of the Chinese nation", which has personal and national implications. It is specified by two overarching goals: the two centenary goals of establishing a moderately prosperous society by 2020 — the 100th anniversary of the CPC is 2021 — and establishing China as a "fully modernized, socialist nation" by the 100th anniversary of the People's Republic of China in 2049.

The first goal, which includes the total elimination of extreme poverty in the country, will likely be achieved within the five-year term of the 19th CPC National Congress. It is the second goal that is of special interest at this time, because in drawing the roadmap and formulating the policies to achieve China's mid-century goal, this Congress may set the agenda for the next 30-plus years.

The CPC national congresses are the highest authority of CPC governance and decision-making. The CPC constitutional provision of holding congresses every five years was reaffirmed by Deng Xiaoping in the early days of reform (in part to establish order and collective responsibility after a period of chaos and political vicissitudes), and since 1982, Party congresses have been held scrupulously on schedule.

The congresses establish the senior leadership of the Party and hence the nation by electing the CPC Central Committee, which in turn elects all top Party positions, and also the Central Commission for Discipline Inspection; review and assess the achievements and challenges over the five years since the previous Party Congress; set the vision, goals and objectives, agenda and priorities for the subsequent five years; revise the Party constitution (to keep up with the times); and project an image of unified purpose and direction to engender national confidence and commitment.

The review and assessment of the previous five years and setting the agenda and priorities for the subsequent five years are formally presented in the Report, delivered by the general secretary representing the outgoing Central Committee and thus reflecting the consensus view of the Party leadership. Ratified by the congress (after minor modifications), it becomes the guiding document that drives policy for the incoming Central Committee.

On the day following a congress, the first plenum of the new 19th Central Committee is convened to elect the Party's new senior leadership, including the Political Bureau, the Standing Committee of the Political Bureau (to which, in essence, everything in China reports), and the general secretary of the Central Committee. Also approved are the Central Military Commission (which oversees the People's Liberation Army), the Secretariat (which runs Party daily operations), and the head of the Central Commission for Discipline Inspection.

The planning for the national Party Congress follows similar patterns. Beginning more than a year in advance, it involves both formal and informal processes. The formal process includes the election or appointment of about 2,300 delegates (2,280 delegates at the 19th National Congress) from among the Party's over 89 million members, at all levels and in all sectors, and the preparation of the Report via an elaborate system of extensive research in targeted areas (involving thousands of experts), solicitation of broad input, drafts (or sections) circulated to numerous Party experts and officials for comments, and iterative intense reviews by higher bodies and senior leaders. In addition, smaller groups are assigned the more sensitive tasks of amending the Party constitution and recommending candidates for the new Central Committee and senior leadership positions.

Final decisions for this year's congress, as well as final edits of the Report, were made at the Seventh Plenum of the 18th CPC Central Committee, held on Oct 11 to 14, days prior to the opening ceremony of the 19th CPC National Congress.

To understand the position and role of CPC Central Committee General Secretary Xi at the 19th Party National Congress, we should appreciate what it means for Xi to be the core. It was in October 2016, at the Sixth Plenum of the 18th CPC Central Committee, that Xi was designated the "core" of the CPC Central Committee and of the entire Party. The appellation was an unambiguous assertion that China requires strong leadership to maintain stability and ensure development given China's unprecedented, complex challenges: domestically, slower growth, industrial overcapacity, endemic pollution, unbalanced development, income disparity, social injustice, social service demands; and internationally, regional conflicts, sluggish economies, volatile markets, trade protectionism, ethnic clashes, terrorism, geopolitical rivalries, and territorial disputes.

Moreover, because China must deepen reform to achieve the goal of being a moderately prosperous society, the resistance of entrenched interest groups must be overcome. In fact, the necessity of having a leadership core to maintain stability and expedite reform was a primary factor relating to Xi's elevation to be the core.

In addition, not only does Xi have the responsibility for China's transformation; he is also accountable for it. He has shown courage in combating rampant practice of graft, bribery and illicit patronage. Xi's relentless anti-corruption campaign is altering how officials in government and managers in industry work, and even how they think. And let no one assume that Xi's battle against corruption has been risk-free.

Xi as the core does not change the Party's cardinal principle of "democratic centralism". The Party says it is encouraging the democratic solicitation of input and feedback from Party members, lower-ranked officials, and the general public; and strengthening centralism through Xi's core leadership.

In a complex world, given the diverse interests and forces in Chinese society, the Party asserts that the Chinese Dream cannot be realized without unity. Strong leadership is required to build and maintain unity for China to continue its development.

When Xi received the core appellation, he was already general secretary of the Party, chairman of the Central Military Commission, and president of the country — the three highest leadership positions in China — so how does being the "core" augment his perceived stature or actual power?

The 2016 Party plenum communique confirmed that "the collective leadership system ... must always be adhered to". Nonetheless, there must have been shifts in terms of both the setting of the agenda and making final decisions — or else making Xi the core would have little meaning.

When foreigners dismiss the political aphorisms of China's leaders as simplistic sloganeering, they miss an opportunity to enrich their understanding. Chinese officials certainly hold Xi's frameworks in high esteem.

Xi's thought for the Party, the inner-Party directives, include the "eight regulations" (against waste and perks); "four self-confidences" (in the country's development path, theories, systems, culture of socialism with Chinese characteristics); opposing the "four evil winds" (formalism, bureaucracy, hedonism, decadence); the "four greats" (struggles, projects, enterprises, dreams).

> **The China model, Xi said, successful at home, also broadens the way for developing countries to modernize, thus providing Chinese wisdom and Chinese solutions for problems facing mankind.**

The combined intent is to make Party members, especially Party and government officials, more dedicated, committed, competent and loyal, with exemplary moral standards of probity and rectitude. It is no small order.

The Party's unremitting anti-corruption campaign, unprecedented under Xi, has won strong public support and will certainly continue. But some foreign analysts mistakenly see Xi's anti-corruption campaign as largely a tool of political power, thus reflecting a superficial and one-dimensional understanding of China. Befitting the size and complexity of the country, for almost every decision of importance, China's leaders have multiple motivations.

For the anti-corruption campaign, these motivations include respect for the rule of law and judicial impartiality; effective functioning of the Party devoid of personal interests; public trust in the Party; efficient economic resource allocations (corruption distorts markets); expediting reform (by breaking up "interest groups" that resist reform); maintaining national unity (by removing officials with non-standard political ambitions); elevating morality of Chinese society; restoring ethical standards of Chinese civilization; and facilitating China's emergence as a world-business center and global role model.

Xi's thought for the country — his new ideas, new strategies, new initiatives set forth over the past five years — can be encapsulated as the overall vision of the "Five in One" construction (economic, political, cultural, social, ecological); governance of the country via his "Four Comprehensives" (a moderately prosperous society; deepening reform, strengthening the rule of law, strictly governing the Party); and renewed economic development via the Five Major Development Concepts (innovation, coordination, green, open, sharing), plus "supply-side structural reform".

Xi's thought for national rejuvenation includes a grand vision for global governance, consisting of eight big diplomatic concepts: a global community of shared destiny and future; win-win cooperation; economic globalization; fairer global governance; a new kind of major power relationship; expanding cooperation while managing differences; multilateralism; and people-to-people exchanges. Moreover, Xi's Belt and Road Initiative — facilitating economic development in developing countries, especially by building much-needed infrastructure — is China's "project of the century".

China recognizes it has international responsibilities and seeks to uphold a common, comprehensive, cooperative and sustainable security strategy. China's own requirement is to protect the country's three sacrosanct "core interests" — its political system, economic development, and national sovereignty (territorial integrity).

China appreciates that to be a major country, with its political influence reflecting its economic strength, and also to protect its own core interests, its diplomacy must be pro-active. China does not claim that its "China model" can be adopted by other countries, but the world should understand Xi's principles of governance as optimally suited for China's domestic conditions.

Party congresses have similar styles and to casual observers, they can all seem much the same. But they do have differences, which are usually subtle and often meaningful.

For the 19th National Congress, some of the things to look out for are:

Are political frameworks and policies stated in their expected forms? If so, confidence in political and economic stability is reinforced.

How is General Secretary Xi Jinping's status as "core" further stressed, as expected?

Who are the members of the new Standing Committee of the Political Bureau and what are their portfolios?

Assuming the Party Constitution is amended to include Xi's new ideas, new strategies, new initiatives, will they be given an overarching label?

What is the composition of the new Central Committee?

In listing the essential economic, political, cultural, social and ecological policies, are there shifts of emphasis that, however nuanced, suggest changing priorities?

For deepening reform, surely stressed, what targets are specified? For example, what will be stated explicitly about State-owned enterprise reform?

Environmental protection is a high priority, but what specific regulations and enhanced enforcements distinguish the fight against pollution under Xi from those of previous congresses?

Many social areas will be highlighted — for example, education, healthcare, rural land reform, migrant worker residencies — but do any stand out?

As already affirmed, the anti-corruption campaign will continue, but will its intensity or direction change in any manner, will it be institutionalized? How will the forthcoming National Supervisory Commission work?

What is the relative prominence of military reform and modernization?

What is the relative prominence of international affairs, given the high-profile Belt and Road Initiative and China's intense, pro-active diplomacy?

Forecasting the 19th CPC National Congress is not all guesswork and triangulating rumors. Following tradition, Xi offered to Party leaders a preview of his Report. Speaking on July 26, he outlined China's achievements since the previous national congress: new concepts of development, deepened reform, enhanced rule of law, strengthened environmental protection, and a more capable military.

China, Xi said, has, after suffering century-long hardships and tribulations, taken three historic leaps, from standing-up to becoming better-off to becoming stronger. Xi called for a comprehensive, strategic and forward-looking action program, highlighting the success and vitality of socialism with Chinese characteristics, the increasing strength of the Party, and China's expanding circle of friends in the international community. In China, he stressed, political legitimacy is founded on competence and accomplishment.

Significantly, Xi asserted that China's development stands at a new historic starting point and that socialism with Chinese characteristics is entering a new development stage. The CPC cannot rest on its laurels, he stressed. The country faces daunting challenges. He warned the Party against self-satisfaction and blind optimism.

Xi's comments resonated with his core values and bear witness to his consistency. In 2006, then Zhejiang Party Secretary Xi told me that China should be proud of its successes, but its "achievements should not engender complacency", adding "we need to assess ourselves objectively".

Preparing for the upcoming congress, Xi recognizes that the people's desire for a happier life is stronger than ever. They want better education, higher incomes, stable jobs, reliable social insurance, higher quality healthcare, more comfortable living conditions, a more beautiful environment and a richer cultural life.

And there has been an inflection point in China's international perspective, reflecting the nation's consequential global engagement. The China model, Xi said, successful at home, also broadens the way for developing countries to modernize, thus providing Chinese wisdom and Chinese solutions for problems facing mankind.

The influence of the 19th CPC National Congress and the impact of Xi Jinping's thought seem for decades to come.

The author is a public intellectual, international corporate strategist, and China expert/commentator. He is co-creator (with Adam Zhu) and host of CGTN's Closer to China with R.L. Kuhn.

GLOBAL TIMES

CPC-led system a political innovation

Editor's Note:
The Two Sessions, the annual meetings of China's top legislative and advisory bodies, have been under global spotlight for the past few weeks. This year's Two Sessions are of extraordinary importance as they have adopted the constitutional amendments, restructured government institutions and elected the new national leadership. To understand what the institutional changes mean for China's future, as well as the policy agenda for the coming year, Global Times (**GT**) Washington-based correspondent Hu Zexi talked to Dr. Robert Lawrence Kuhn (**Kuhn**) who is a long-time China observer, and author and editor of over 25 books. Kuhn has been invited to Beijing to take a closer look at this year's Two Sessions.

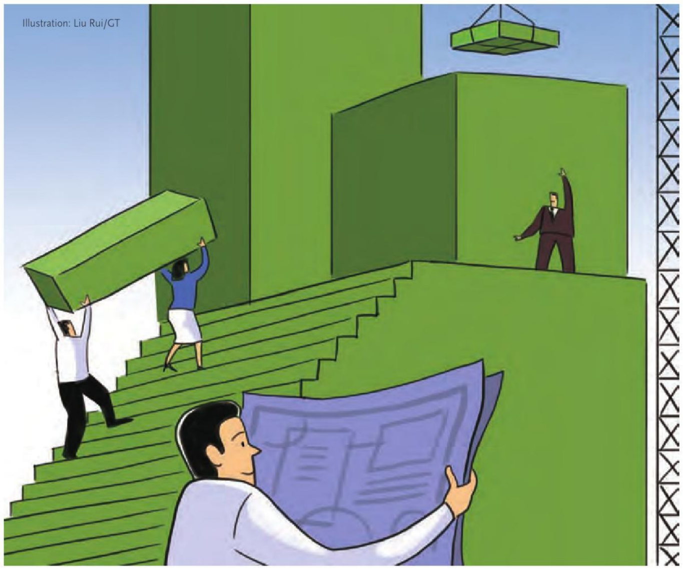

Illustration: Liu Rui/GT

GT: What kind of policy issues are you following during the Two Sessions?
Kuhn: The proposed amendments to the Constitution of the People's Republic of China give a road map of areas deemed critical. Several of the provisions strengthen the stability, continuity and robustness of governance. Beyond these, I looked for any deviations from expectations, for example, on State-owned enterprise reform or local government financing. I also looked for any reaction to the increased push-back against China's rising global capabilities from certain countries.

GT: In recent years, the Chinese government has made more efforts to make Two Sessions' agenda better meet public expectations. For example, the government will cooperate with media websites to conduct surveys about top policy areas that the public wants the Two Sessions to address. How do you evaluate such efforts?
Kuhn: Irrespective of the nature of the political system or ideology, transparency in governance is the best way for government to deliver effective, efficient programs, and enhance credibility. The Chinese government has been striving to increase transparency, which deserves praise.

The Two Sessions are a vehicle for the government to communicate with the people and engage them through media in dealing with all the critical issues.

GT: How do you see the political belief of China that democracy should meet the real or fundamental needs of the public?
Kuhn: Government performance and democracy are not the same.

The former is indeed assessed by alleviating poverty, reducing pollution, improving healthcare and the like. Democracy is the public participation of common people in the complex process of governance.

Thus, true democracy is much broader than one-person-one-vote. It includes, primarily, the capacity to provide substantive input on complex issues and to provide oversight in the management of officials.

GT: China for long has argued that democracy or any other political mechanism should be developed on the basis of a country's specific condition. How do you see this belief, as well as its practice?
Kuhn: Certainly, political systems differ, even between countries that have the same ideology. Nonetheless, there are great commonalities in the goals and objectives shared by all countries and people. I suspect that over time, measured in not less than decades and perhaps even centuries, there will be a convergence of systems toward what I call with a smile, "Optimizationism" – leaders, officials, executives making myriad decisions every day to optimize outcomes without thinking of the ideology.

TWO SESSIONS 2018

GT: There's talk about China's unique system of multiparty cooperation and political consultation led by the Communist Party of China (CPC) during the Two Sessions. How do you observe this system?
Kuhn: The benefits of a one-party-rule are apparent: the coherence of policies, rapid decision-making and formulation of strategies that require long-term consistency for long-term commitment. But all systems of governance have trade-offs, and two challenges of one-party-rule are assuring that all rational points of view, including dissenting ones, are included in the decision-making process; and systemic checks and balances for oversight of officials at all levels of government.

China's system of multi-party cooperation and consultation, led by the CPC, is a political innovation in including inputs and ideas from diverse segments of society, while still maintaining harmony of spirit and consistency in policies. But because of its scale and power, the CPC, which is the ruling party, has a higher obligation to pay attention to other parties and voices. A true democracy is measured by how the majority treats the minority.

GT: As a decades-long observer of China, what do you think the constitutional amendment will bring to the country?
Kuhn: This constitutional amendment is all about strengthening China's system of governance, especially the Party's leadership of the country and President Xi Jinping's leadership of the Party and the nation.

Going by the whiplash of Western reactions, one could be forgiven for assuming that the amendment is all about abolishing term limits of the president and vice president. In fact, there are 21 clauses in the constitutional amendment and to understand where China is going, one must gauge the meaning and intent of all of them.

Xi has been consistent in respecting, indeed in championing, China's Constitution, and by now amending it, he underscores the congruity between the realities of how China is governed and what the Constitution says – thus bolstering Xi's commitment to the Rule of Law.

Establishing the National Supervisory Law and Commissions, expanding the anti-corruption campaign to all public organs and organizations, reaffirms Xi's commitment to enhancing the rule of law.

As for term limits, it is not that Xi will hold the formal titles of leadership for life, but that he will hold real leadership long enough to bring about China's national rejuvenation and establish Chinese type democratic norms.

All factors considered, because of China's special conditions and Xi's special capabilities, abolishing term limits may be good for China. It is commonly said that China's system of governance can ensure stability and consistency, which is a necessary requirement for advancing reform.

GT: What do you see as the underlying reason for the institutional restructuring of the government passed during the Two Sessions?
Kuhn: The sweeping restructuring of the Chinese government streamlines the bureaucracy, eliminates institutional conflicts of interest between government bodies, aligns authority with responsibility, and, significantly, enhances the leadership of the Party in the management as well as the oversight of the government. Although the restructuring has multiple motivations, a prime driver is to support China's continuing development under complex conditions – a slowing economy, uncertain financial risk, unacceptable pollution, the special demands of innovation.

Given China's challenges at home and abroad the government restructure is timely. Some media outlets describe it as a "reshuffle," as if the random rearrangement of a deck of cards. I beg to differ.

This restructuring is as deliberate as it is far-reaching – and planned precisely to address a host of contradictions. The outcome is to strengthen CPC's leadership throughout the country. In fact, deepening reform is now defined, for state as well as for Party institutions, as strengthening the CPC's leadership in every sector. The aim is consistency and uniformity in implementing policy.

The announcement of the restructuring followed swiftly after the adoption by the National People's Congress of the constitutional amendment, and although both were long in the works, their rapid-fire sequence serves to underscore the preeminence of President Xi in setting the new agenda, and the power of the Party in implementing the new policies.

GT: Environment has always been a heated topic at the Two Sessions. How do you see the prospect of green development in China?
Kuhn: I have been following China's environmental problems for over two decades, and until recent years under President Xi. While officials would of course decry pollution, it only became progressively worse. Companies flouted the law. The minuscule fines were a small price for not worrying about the cost of controlling pollution. Officials were loath to risk impeding economic growth. Today is dramatically different.

President Xi has raised ecology and environment to the highest category of national priorities. Ecological progress is among the five top goals (along with economic, political, cultural and social progress). Green is the third of the New (Five Major) Concepts of Development. The change in attitudes toward pollution is stunning. For example, fines for corporate pollution now hurt.

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INSIGHT

Core strength

Robert Lawrence Kuhn says those who see China's designation of Xi Jinping as core leader to be a variation of strongman rule misunderstand its significance for a people navigating their way through huge challenges

When, at a recent party plenum, President Xi Jinping (習近平) was designated as "core" of the Communist Party's Central Committee, some Western media were quick to condemn the rise of a new "strongman". While recognising the significance of Xi as the core was correct, conjuring up visions of an emerging dictator was not.

I recalled my meeting with Xi years earlier, when he was still party secretary of Zhejiang (浙江) province. Even then he was criticising "empty talk" and advising, "We should never overestimate our accomplishments or indulge ourselves in our achievements".

I took note of how Xi stressed, "We need to assess ourselves objectively". Hardly, in retrospect, the ruminations of a gestating dictator.

To understand why Xi is now the core, one must appreciate the complex challenges of our times. China is now facing multiple challenges: domestically – slow growth, industrial overcapacity, endemic pollution, imbalanced development, income disparity, social injustice, social service demands; and, internationally – wars, regional conflicts, sluggish economies, volatile markets, trade protectionism, ethnic clashes, terrorism, geopolitical rivalries, and territorial disputes in the South and East China seas.

Most critically, because China must deepen its reforms to achieve its oft-promised goal of a "moderately prosperous society" by 2020, the resistance of entrenched interest groups must be overcome. More subtly, there is what some call a pervasive "soft resistance" – local officials who do not do their job and economic elites who migrate.

If reform had been progressing smoothly, then why strengthen central authority by investing Xi with the status of core leader? Xi has encountered obstacles; if there were no obstacles, there would be no need for a core leader.

I have been speaking to party officials and theorists about Xi as core leader. In fact, the necessity of having a leadership core to maintain stability and expedite reform is the first and foremost of what I found to be four factors relating to Xi's elevation.

A second factor is that not only does Xi have the responsibility for China's transformation, he is also accountable for it. Moreover, he has shown courage in confronting and dismantling a vast, corrupt system of bribery, patronage and illicit wealth accretion.

A third factor is that Xi as the core does not end, and even may not diminish, the cardinal principle of "democratic centralism". The party bolsters each of the concepts: encouraging the democratic solicitation of input and feedback from members, lower-ranked officials, and the public; and strengthening centralism through Xi's leadership of the principal levers of power (his positions as party general secretary, head of state, chairman of the Central Military Commission, and head of the "leading groups" on reform, national security and internet security).

> **Xi Jinping as core leader is more a ratification of reality than a shift of fundamentals**

A fourth factor is that a core is required to manage the party more strictly and thereby give members and the public more confidence. Witness Xi's relentless and unprecedented anti-corruption campaign, which is altering how government officials and industry managers work and even think. Let no one assume that Xi's battle against corruption has been risk-free.

Significantly, these four factors undergirding Xi as the core leader map onto his overarching political framework, his strategic blueprint called "The Four Comprehensives" – a moderately prosperous society, reform, rule of law, party discipline.

Xi's core status arises, we're told, through the collective will of the party and the people. Becoming party core is not an automatic consequence of being general secretary; a core leader must fit the times and the status must be earned.

Speaking at a press conference following the 18th Central Committee's sixth plenum last month, Huang Kunming (黄坤明), executive vice-minister of the committee's Publicity Department, said that the "central and local departments as well as the military all expressed their support" for Xi's position as party core, adding that this decision was "based on the valuable experience of the party and we feel keenly about it".

Huang explained that "a core is needed to ensure that the party will be the governing party", describing it as significant for upholding the Central Committee's authority and maintaining the central, unified leadership of the party and for its "staying true to its mission".

Therefore, party theorists explain, Xi as core leader is more a ratification of reality than a shift of fundamentals.

What does Xi as core mean in a historical context? It was Deng Xiaoping (鄧小平) who introduced the concept when he designated Jiang Zemin (江澤民) as "core of the third generation" of central leaders, bolstering Jiang's stature following his unexpected appointment as party leader in 1989. At the time, China was facing the dual impediments of economic stagnation and social uncertainty at home, and economic quarantine and diplomatic isolation abroad. As Deng pointed out: "Any leading group should have a core; a leadership with no core is unreliable."

Only then did Deng retrospectively apply the novel term to Mao Zedong (毛澤東) and to himself, as core of the first and second generations, respectively. (Of course, Mao was so utterly dominant that calling him core during his lifetime would have seemed a demotion. Deng remained core even when he no longer held any official position.)

Today's world is more complex. China faces threats at home and abroad. Volatility grows and uncertainty abounds – the Middle East and Donald Trump are offered as evidence. The need to secure China's stability is more essential than ever, and thus to strengthen Xi's authority is a primary reason, I'm told, for designating Xi as core leader. Party theorists say China "urgently" requires a political nucleus that is sophisticated and nuanced, attuned to contemporary times. Though conditions now differ from those in 1989, Deng's admonition rings timelessly true.

However, that a core leader is needed now does not mean one will always be needed. When China becomes a fully modernised nation, perhaps by mid-century, conditions may change again.

> **True loyalty is telling leadership in private what one really believes is in their best interests**

I hear frequently of the "painful lessons of China's century of blood and tears" and that for China not to have a tested and authoritative leadership core would be "unthinkable". Party inner talk says "Xi Jinping has passed the test of the people" to be China's political core, leadership core, and a core of the times.

Chinese scholars argue that "core" is a unique characteristic of Chinese political theory – however inapplicable (even inexplicable) in Western political theory. They call Western concerns that Xi as core leader means that "a new emperor is born" wildly unfounded, even paranoic. In feudal society, the emperor ruled unconditionally with arbitrary imperial power, and in such a "command-obey" system, goes the argument, there is simply no need for a core.

Rather, given today's party political structure, the concept of a core both strengthens cohesion and serves to prevent a personality cult, not to promote one. Having a core means acknowledging that the party system is not the "emperor system" – absolute power is rejected – and that the optimum system, at least for the foreseeable future, is a combination of concentrated centralism and democratic collective leadership.

Corroborating this functional balance, in the communiqué issued following the sixth plenum, the "collective leadership system" is reconfirmed. It states: "The implementation of collective leadership and personal division of labour is an important component of democratic centralism and must always be adhered to." And it stresses: "Any organisation or individual shall, under any circumstance, not be allowed to violate this system for any reason." The three "any's" seem no accident.

Some analysts see contradictions. On the one hand, the communiqué calls for democracy and constructive criticism internally within the party. On the other, disobeying the central leadership is forbidden, backed by vigilant supervision and tough discipline.

Yet to read these statements as contradictory is to misunderstand what is happening here. Xi appreciates the complex and arduous tasks that lie ahead. He told me so a decade ago, and it is obviously truer today than it was then. The statements are harmonised, first, by the party's motivation to seek optimum policies for the country, and second, by keeping most of the divergent views internal.

True loyalty is telling leadership in private what one really believes is in their best interests, not pandering and fawning by repeating what one thinks leadership wants to hear. Though there are concerns, no one here worries that Xi will become Mao.

China is now the world's largest trading nation and its second-largest economy. China's diplomacy is expanding and its military is growing. From its Belt and Road initiative building infrastructure and facilitating trade in over 60 developing countries to its leading role in the UN peacekeeping forces, China, the "Middle Kingdom", is involved in every meaningful matter of international affairs.

So, what kind of China do we want? Certainly not one with weak central leadership and fragmented citadels of power. With its huge and imbalanced population, and its diverse culture and traditions, China today requires a leader with sufficient strength and prestige to secure social stability, drive economic reform, and guide it in being a responsible world power. Xi as core leader should be good for China and, thus, for the world.

Robert Lawrence Kuhn is a public intellectual, political/economics commentator, and an international corporate strategist. He spoke at the launch ceremony of President Xi Jinping's book, The Governance of China, and is the host of Closer to China with R. L. Kuhn, a weekly show on CCTV News produced by Adam Zhu

Bring down the curtain on this idiotic political drama

Alice Wu has had enough of the brouhaha over the oath-taking by two lawmakers. Now that they've been disqualified, HK must focus on battles ahead

If you're tired of all the politics, I feel you. It's draining, to say the least, especially when the melodrama in Hong Kong is dragging out; it has become downright dreadful when we know there is no respite in sight.

We were supposed to have a brief break after last September's Legislative Council polls, before the next big event. Even though a large number of people will be unable to cast a vote in the Election Committee subsector elections, less than a month away, and in the chief executive election, scheduled for late March next year, the city should by now be focusing on what's ahead.

But, thanks to the two recently disqualified lawmakers, who lacked the necessary knowledge, ability and respect for oath-taking, our (albeit dysfunctional) legislature has basically been shut down for a month. The ugly politics that should have been insulated within the chamber once again spilled out onto our streets.

And what should have been decided and concluded on September 4 is now dragging on indefinitely, with two or possibly more by-elections added to the election overload.

Hell-raising politics is not going away any time soon, but the sheer stupidity of the localist pair's actions really is one for the books – *Macbeth*, in fact:

Tomorrow, and tomorrow, and tomorrow, / Creeps in this petty pace from day to day,

To the last syllable of recorded time, / And all our yesterdays have lighted fools

The way to dusty death. Out, out, brief candle! / Life's but a walking shadow, a poor player

That struts and frets his hour upon the stage / And then is heard no more. It is a tale

Told by an idiot, full of sound and fury, / Signifying nothing.

They were indeed full of sound and fury, and they did nothing for the common good.

What they did opened the door for an invitation to the courts to intervene. What they did presented an opportunity for an interpretation of the Basic Law by the National People's Congress Standing Committee.

What they did, ultimately, may well become the precedent for other legislators to be similarly barred. And that is why the duo's pledge to spend every penny – and lest we forget, this also means the mounting cost to the public purse – to "appeal at all costs" is beyond rich, coming from them.

Clearly, they have yet to wrap their heads around the concept of "personal responsibility". Sixtus Baggio Leung Chung-hang is wrong in believing that their disqualification from Legco rendered the election meaningless. They have no one but themselves to blame for their defenestration. It is they who made the election meaningless.

And, to add insult to the grave injury they brought on the rest of us, they are asking for donations. At some point – if we're not there already – we must take serious offence to be taken as fools, again and again. The curtain must now be drawn on this overly played-out second act.

The irony may be lost on the pair but it's pretty obvious who has been played for total fools. In case they haven't noticed, the lawmakers who served as the duo's chaperones have stopped babysitting them because there is no value in being their keepers any more. Escorting the duo's Legco gate-crashing attempts served their purpose: to usher the two straight to their political end, and the votes the two rendered meaningless are now political spoils.

The two took the toxic brew and there will be no stay of execution that could stop those ready to contest their seats.

We must fight our political fatigue. We can ill afford to be distracted by those who continuously try to foolishly make their own stupid mistakes our collective problem.

Alice Wu is a political consultant and a former associate director of the Asia Pacific Media Network at UCLA

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The basic law of unintended consequences

Mike Rowse says the continuing political tussles in HK illustrate the pain of being caught in a cycle of actions and reactions, and we must address the root cause of the grievances

There has been a considerable focus recently on the Basic Law and the rule of law, and their interaction. Perhaps neglected in the process has been a different but relevant concept: the law of unintended consequences, whereby an action gives rise to outcomes unforeseen by the instigator.

Hong Kong's tortuous path towards political reform is a case in point. The first reference to the idea of universal suffrage for selection of the chief executive comes in Article 45 of the Basic Law, promulgated back in 1990. Looking towards 1997, its purpose was to reassure. Naturally, attention turned to the subject in the early part of this century. While people understood that the move towards universal suffrage had to be in accordance with the "principle of gradual and orderly progress", the reform package put forward in 2014 was widely perceived as disappointing; the plan to stick with an unrepresentative nominating committee deciding who could enter the race was unpalatable.

The State Council's white paper on the governance of Hong Kong, intended to set things straight, only stirred things up and led to the Occupy Central protests. The government let the action linger, hoping public anger would pay dividends in the 2016 Legislative Council election. While the 79 days of disruption did bring the protesters momentary opprobrium, memories quickly faded. In the election, the pro-government share of the vote actually fell, and the attack on the idea of independence led directly to a near 20 per cent share of the vote for a localist faction. This was surely not the objective.

Now the government is trying to overturn the election outcome. The practice of banning some potential candidates from standing, then using all means at hand to unseat some of those elected, is a tactic more usually associated with third-world countries following a military coup.

> **Has something been lost in translation here? Perhaps we need an interpretation of the interpretation**

In the short term, the judicial review sought by the chief executive against the decision by Legco president Andrew Leung Kwan-yuen to give Sixtus Baggio Leung Chung-hang and Yau Wai-ching another opportunity to take the oath has been successful. Mr Justice Thomas Au Hing-cheung ruled in the High Court that their oaths were invalid, they should not be given a second chance and their positions should immediately be vacated. Many observers thought he might decline to rule at all, and simply refer the matter back to the Legco president. The problem with one arm of the administration delving too deeply into the processes of another is that it inevitably generates more requests to do so. And, sure enough, we now have legal challenges against more legislators, plus a challenge against the chief executive himself.

Given that, in the past, other Legco members who had politicised their swearing-in and then done it properly second time round were permitted to take up their seats, did Leung and Yau have a "legitimate expectation" that they would enjoy similar treatment? The Legco president certainly thought so, hence his original ruling. Now it is for a higher court to decide.

Meanwhile, the National People's Congress Standing Committee has sought to clarify Article 104 of the Basic Law, which requires all people concerned to "swear to uphold the Basic Law of the Hong Kong special administrative region of the People's Republic of China and swear allegiance" to it. But the interpretation is different: it talks of "a legal pledge … to the People's Republic of China *and its* Hong Kong Special Administrative Region" (emphasis added). Has something been lost in translation here? Perhaps we need an interpretation of the interpretation.

If, at the end of the day, there are two (or more) vacant Legco seats, then we are in by-election territory. I don't think the people are fooled for one minute about what is going on. In each constituency, an impeccable opposition candidate will stand, win a majority, and take the oath impeccably. Unfortunately, this tragedy – or farce – will continue until the government starts to address the underlying grievances over the lack of meaningful political reform instead of just hammering the symptoms, which generates new grievances in the process.

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A yellow umbrella, a symbol of the Occupy movement, is used in a recent protest against Beijing. Photo: Reuters

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INSIGHT

Looming tech war

Robert Lawrence Kuhn says the ZTE showdown points to a misunderstanding over motives

As someone who works for US-China understanding and roots for US-China partnerships, I've been concerned, but not worried, over what others have called "a looming trade war". I've not worried because tariffs don't work; they are blunt instruments in a globalised economy, penalising American companies and consumers as much as Chinese. Most American experts oppose tariffs, and President Donald Trump likes to make big deals after making big threats.

But I am now worried over what I will call "a looming tech war", because the structural imperatives go deeper.

As everyone who follows China knows, the US Department of Commerce has imposed a denial of export privileges against ZTE, China's second-largest telecommunications equipment manufacturer, thus prohibiting US companies from selling essential electronic components and software to ZTE, a crippling sanction.

China has responded resolutely, with actions that seem selected from expert scenario planning, and with rhetoric, both indignation and nationalistic bravado.

From China's perspective, according to its Ministry of Commerce, "If the United States attempts to curb China's development … it miscalculates. The action targets China; however, it will ultimately undermine the US itself," affecting tens of thousands of jobs and hundreds of related US enterprises.

"Targeting technology is like throttling the neck of the Chinese enterprises," wrote *China Daily*. "The ZTE case should remind China's decision-makers of the urgency to become self-sufficient in core technologies."

President Xi Jinping has been prescient about domestic control of core technologies, especially related to the internet and more recently to artificial intelligence. Since taking office in 2012, he has stressed the "hidden risks" that come with core technologies not being mastered domestically. He said, "Heavy dependence on imported core technology is like building our house on top of someone else's walls: no matter how big and how beautiful it is, it won't remain standing during a storm." Innovation is the first of Xi's "five major concepts of development".

Beijing also claims that the country itself is a victim of discriminatory policies

From the US perspective, according to its Department of Commerce, the prohibition against ZTE is punishment for ZTE violating US sanctions against Iran and North Korea, making false statements and obstructing justice, and then after reaching a settlement agreement, violating it.

The United States claims it is not resisting China's rise, but rather the country's unfair or illegal means to achieve it. The US action enumerated four such practices as rationale for imposing punitive tariffs, all relating to technology or intellectual property: foreign firms in China are required to form joint ventures and transfer knowledge, as well as license technology with below-market terms and conditions, while the state supports Chinese enterprises in acquiring foreign hi-tech assets, and sanctions commercial cyber theft.

President Trump is wildly unpopular among American elites, especially among policy experts, who do not need much of an excuse to criticise him – note the fusillade of attacks on Trump's tariffs. But these elites are not criticising Trump on US moves to counter what they, with unusual consensus, perceive to be China's unfair policies, and in some cases unlawful programmes, to become a world leader in state-of-the-art technologies, especially AI, information technology, robotics, advanced manufacturing, new energy vehicles, aviation and biotechnology.

China claims that it is still a developing country, so different rules apply, a foundational principle of the World Trade Organisation. Beijing also claims that the country itself is a victim of discriminatory policies restricting its imports of hi-tech products.

Of course, China had to respond with appropriate actions as well as confident words, imposing heavy tariffs on US sorghum and signalling that additional agricultural tariffs were at the ready, along with barely veiled threats against US companies operating in China.

Here's my fear. While I have argued that most mainstream American experts are not motivated to impede China's rise, as many in China believe, I can no longer make that argument persuasive.

In the US, there has been a dark turn among experts that US policy towards China, calibrated over four decades to shepherd China's rise, has failed: China, they have come to believe, has become a competitor and may become an adversary, and that US relations with China must now be managed as with an emergent adversary, not as with a developing partner.

In China, nationalistic voices are on the rise, castigating the US for its self-serving motivation to impede China's rise, and calling for China to become more self-reliant, more rapidly, especially in world-class semiconductors, so that the country would not be vulnerable to US "blackmail".

Welcome to the unhappy world of self-fulfilling prophecy, where the actions of each side in response to a perceived threat from the other side increases the likelihood of that threat morphing from theoretical to actual.

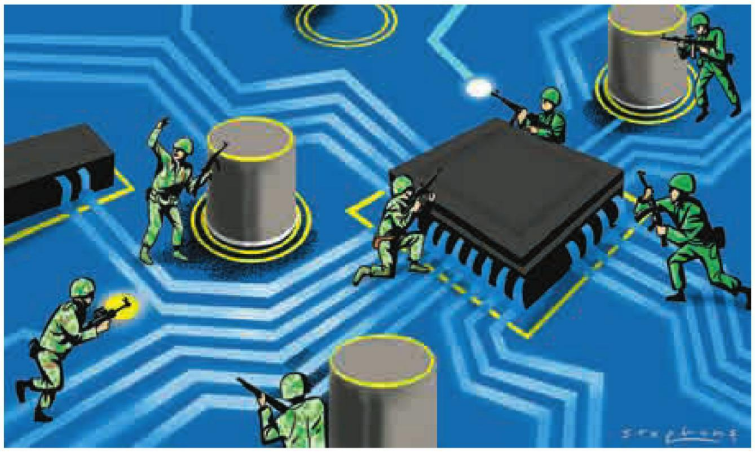
To both sides, I offer two pieces of advice. First, take a breath and a fresh look, because the road on which you are travelling will not lead to a happy place.

Second, contemplate why the other side is misinterpreting your actions. To my American friends, what makes China think the US is resisting its rise? To my Chinese friends, what makes the US think that China is a competitor and may become an adversary?

Projecting malevolent motives and seeing sinister conspiracies is the easy way out. It can solicit cheers and plaudits in one's domestic media, but it will impede progress and is likely to be self-defeating.

The US and China must each figure out how not to confirm the other's self-fulfilling prophecy.

Robert Lawrence Kuhn is a public intellectual, international corporate strategist and investment banker, and China expert and commentator. He is the author of *How China's Leaders Think* and a co-creator (with Adam Zhu) and host of CGTN's "Closer to China with R.L. Kuhn" and "The Watcher" commentaries



Greater effort is required to foster gender diversity

Kevin Sneader and Anu Madgavkar say the Asia-Pacific region needs more women leaders

Women's representation in high-ranking positions in business and politics is a global issue, but an even more pressing one in Asia-Pacific. Across the region, only one in five people in leading roles is a woman.

This waste of women's talent comes at an economic cost. Many economies in the region are ageing and skills shortages are on the rise: making more of women's potential can help meet such challenges. Businesses gain a great deal from supporting women. McKinsey's 2018 report "The Power of Parity" found that companies in the top quarter for gender diversity on their executive teams are 21 per cent more likely to experience above-average profitability.

Even in developed economies in the Asia-Pacific, few women are getting to the top in business – in Japan, there are no female CEOs in the top 100 public companies. In Australia and Singapore, the share of women CEOs in 2016 was only 6 per cent and 5 per cent respectively. The Philippines, a traditionally matriarchal society whose government has been proactive in tackling gender inequality, does better in senior positions overall, but only 3 per cent of CEOs and 15 per cent of board members are women.

The lower share of women in leading positions within companies isn't all about the glass ceiling – the point at which women's careers appear to halt. Rather, women's under-representation has its roots as far back as the education system. In India, only 44 per cent of students in tertiary education are female and many graduates don't take up employment: only 25 per cent of entry-level positions in Indian companies are taken by women. In Japan, the share of women enrolled in college is higher, at 47 per cent, but women were only 28 per cent of students attending the top 10 universities.

The share of women erodes sharply from entry-level to the boardroom, and the biggest "breakpoint" is motherhood. In a 2015 McKinsey survey, 45 per cent of Asian executives cited the "anywhere, anytime" performance model as the largest barrier to women moving into senior roles. In Japan, a survey found that three-quarters of women respondents said they were not interested in managerial positions, partly because promotion would mean working even longer hours.

The second most cited factor behind women dropping out of work is the "double burden" of holding down a job while looking after the family. In China, 33 per cent of female respondents to a 2017 survey said that they had a lower salary when they returned to work after having a baby, and 36 per cent said they had to accept a demotion. Sixty-three per cent said they did not want a second child because this would hurt their career.

Many women struggle to return to work because childcare options are limited or too expensive. In Australia, net childcare costs (paid by two-earner families) were 20 per cent of an average family's income in 2015, compared with the 13 per cent average in OECD economies.

The attrition of women from the talent pipeline starts even earlier than motherhood, as societal attitudes militate against women pursuing a career and prioritise looking after families. In India, 70 per cent of respondents to the 2010-2014 World Values Survey agreed with the statement, "When a mother works for pay, the children suffer."

More can be done to give women the freedom to choose a career as well as motherhood

There has been some progress. The share of women on company boards has been rising, reflecting efforts by both governments and private-sector organisations. India has made it mandatory for companies to have at least one female director, and the Australian Securities Exchange Corporate Governance Council tracks gender diversity in its constituent companies. Japanese pharmaceutical company Takeda hit its target of 30 per cent of new managers being women (from only 6.2 per cent in 2015) through a range of initiatives including flexible working hours.

However, there is much more that can be done to give women the freedom to choose a career as well as motherhood. Narrowing the leadership gender gap will require concerted action by governments and companies from encouraging and helping girls to learn the right skills for a changing labour market and mentoring women in their careers, to shifting attitudes towards women's roles through public-awareness campaigns to – perhaps most importantly – making work flexible.

More help with childcare is urgently needed. Governments can use public spending to expand childcare provision and companies can set up nurseries. Flexible working practices in companies are vital. In Australia, financial services company Suncorp enables flexible working through "work at home hubs" that combine home work stations and working spaces in regional shopping centres.

Such efforts are only likely to be effective with a root-and-branch shift in attitudes towards women's roles in society. Governments can lead from the front, setting targets for women's representation in business as Japan and Singapore have done, and more companies can push for true diversity within their ranks. Doing so is not only in the interests of their bottom line but the health of the economies in which they work.

Kevin Sneader is chairman, Asia-Pacific, of McKinsey & Company. Anu Madgavkar is a partner at McKinsey Global Institute

Older people still have lot to offer in the workplace

Paul Yip says measures to ensure Hong Kong retirees remain active through employment may help prevent poverty and partially offset the impact of a declining birth rate

Employment is the most robust method for keeping people out of poverty. In Hong Kong's latest poverty situation report, for those with a job, the poverty rate is only 12.3 per cent, compared to 77.4 per cent among those not working. Among older adults with a job, it is 12.9 per cent, compared with 48.2 per cent among those without employment.

Chief Secretary Matthew Cheung Kin-chung has recently raised the possibility of promoting workforce participation for those aged 50-64 and helping those aged 65-74 re-enter the job market. Hong Kong's workforce participation rate among older adults is 17.7 per cent, lower than in Japan (22.7 per cent), Singapore (26.8 per cent) and Seoul (31.5 per cent).

The Japanese government has been very active in promoting workforce participation among its older citizens, especially since 27 per cent of its population was aged 65 or over as of 2017. The population size has decreased, from 128 million in 2010 to 127 million in 2015, and the United Nations estimates that the number will continue to fall until 2061. The number of migrants moving to the country has not offset the population decrease, leaving no choice but to improve the labour participation and productivity rate, especially among older adults and married women with children.

Though Hong Kong's total fertility rate is only 1.2 per woman – less than the 1.4 in Japan – we have benefited from migration from the mainland to keep our population young. Our life expectancy is also very similar to Japan's, at 81 for men and 87 for women. It is time to explore how to make better use of our older adults. We should create the right environment for raising the retirement age and extending employment beyond that age. Some issues, like excessive health and medical insurance costs for the older workforce, and long working hours, should be re-examined.

The most important thing is to provide an option for older adults to be active in the job market

The government can create a fund to protect against excessive increases in insurance costs, while introducing a more flexible working arrangement for the older workforce.

The most important thing is to provide an option for older adults to be active in the job market, and give them the choice of whether to continue in a job. Those who have had enough could perhaps take on volunteer work in the community. For those who stay on with paid employment, more flexible time arrangements would better suit their needs, while their roles could be redefined so as not to stand in the way of the career advancement of younger workers. Some tangible support might be needed for the business sector, ideally through a tax-deductible arrangement rather than the proposed cash support.

For some work, such as in teaching and research, the situation depends on individual ability. As in overseas countries, participants should be allowed to work as long as they meet expectations. At present, a vigorous review process takes place to determine whether to extend beyond retirement age.

The education levels of Hong Kong's older adults is not high and, among those with very low levels, most can only find work in low-skilled jobs such as cleaning and security duties. Nevertheless, these areas face a shortage of labour and can be a good fit. In such cases, people's rights and pay should be better protected, to avoid companies exploiting this group of workers.

Also, sometimes, older adults are not driven by money when seeking work. For some, finding meaning in their work can be sufficient. The Japanese experience shows that some older adults continue to work to maintain their independence and fitness. Such workers, whatever they do, display high levels of professionalism.

Respecting the wishes of older adults and providing a quality choice in terms of working would be a win-win situation for the whole community.

Paul Yip is chair professor (Population Health) in the Department of Social Work and Social Administration at the University of Hong Kong

For some, finding meaning in work is important, as with these women who recycle used clothes to make bags.

South China Morning Post 南華早報

CommentInsight & Opinion United States

US-China trade war could end with a ‘big deal’ through baby steps towards mutual understanding

Robert Lawrence Kuhn says the US must accept China’s need to support technological development, while China should work with US policymakers who oppose tariffs but want the country to further open its markets and protect intellectual property rights

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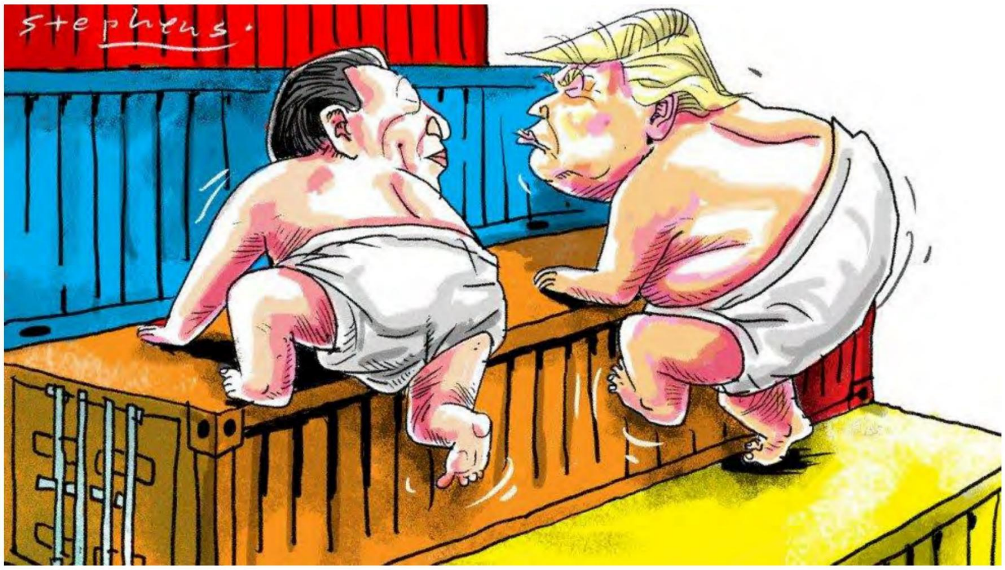


Robert Lawrence Kuhn

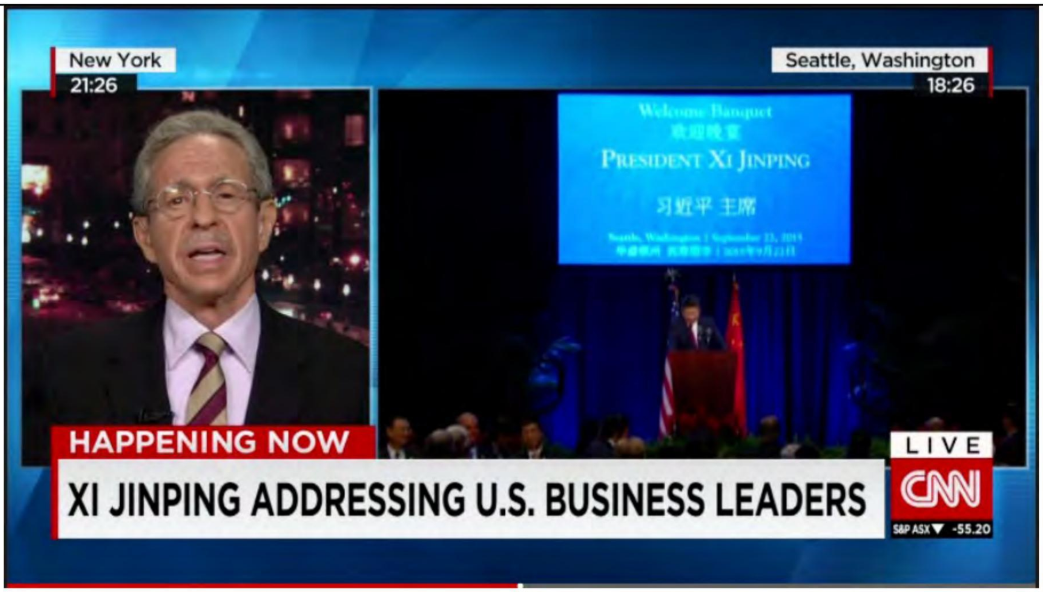
President
Xi Jinping

Major Speech

Seattle
September 24, 2015

Robert
Lawrence
Kuhn

Simultaneous
Commentary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Welcome Banquet
欢迎晚宴
PRESIDENT XI JINPING
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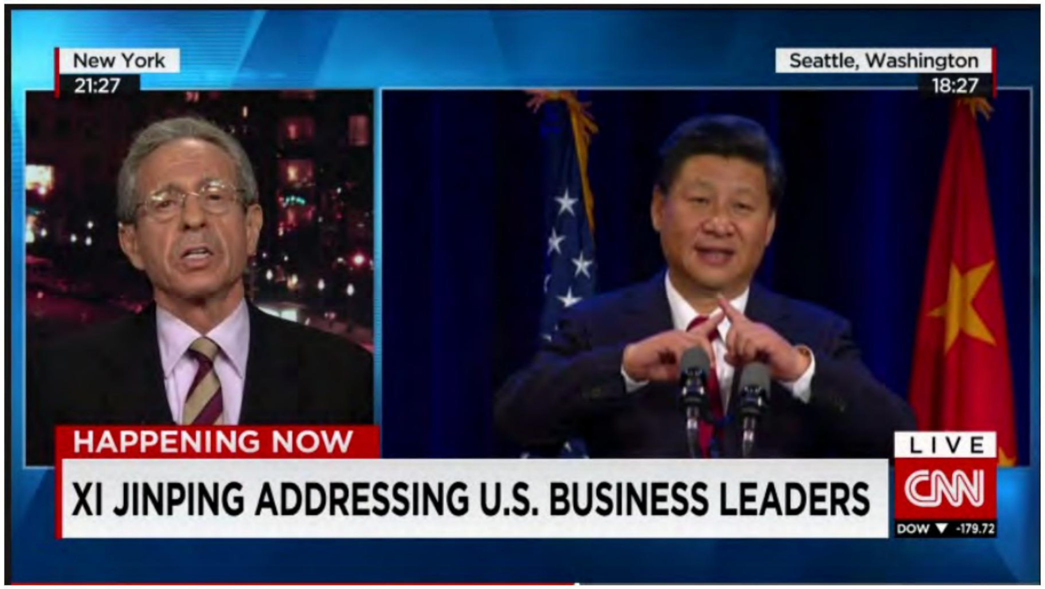
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China’s
Xi Jinping
UN Speech

Robert
Lawrence
Kuhn
Interview

September 28, 2015

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CNN'S AMANPOUR – May 29, 2013
President Xi Jinping to meet President Barack Obama

Interview with Dr. Robert Lawrence Kuhn, long-time adviser to China's leaders.

http://edition.cnn.com/video/#/video/world/2013/05/29/exp-race-china-us-amanpour.cnn

WHEN POWER MEETS POWER
U.S. and China compete for dominance on world stage

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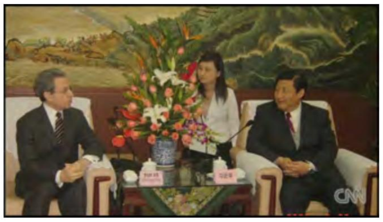

WHEN POWER MEETS POWER
U.S. and China compete for dominance on world stage

Amanpour
WHEN POWER MEETS POWER
U.S. and China compete for dominance on world stage

CHRISTIANE AMANPOUR, CNN HOST: Good evening. I'm Christiane Amanpour. There may officially be only one superpower today, but another is rapidly advancing. The United States and China jockey for position at the pinnacle of the world in what might just be called a race to the top. So how will the first tete-a-tete go between their leaders, the two most powerful men on Earth, U.S. President Barack Obama and China's leader, Xi Jinping, will meet just over a week from now in an informal setting at the aptly named Sunnylands Estate just outside Los Angeles. China is anxious and angry about Obama's much-touted "pivot" to Asia and about what China perceives to be the U.S. siding with Japan over disputed islands in the East China Sea. The United States, for its part, has a laundry list of concerns, everything from alleged Chinese hacking of even its most sensitive military secrets to its influence over North Korea and Pyongyang's nuclear saber-rattling. President Xi says the U.S.-China relationship is at a crucial juncture and he says that he wants to forge, "a new type of great power relationship." So what exactly will that look like? We need to know because this may just be the most important relationship in the world today. And in a moment, I will dig deeper with Robert Lawrence Kuhn, a long-time adviser to China's leaders.

AMANPOUR: Robert Lawrence Kuhn has tremendous insight into China's leaders. He's a long-time adviser to the Chinese government; he's met President Xi several times and he's the author of the book, "How China's Leaders Think." That is a big title. Welcome to the studio.

Fareed Zakaria GPS
"Xi Jinping: The Governance of China"
Robert Lawrence Kuhn
October 5, 2014

GPS
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XI JINPING
THE GOVERNANCE OF CHINA
WHAT IN THE WORLD IS XI JINPING THINKING?
WHAT IN THE WORLD IS XI JINPING THINKING?
HOW CHINA'S LEADERS THINK
WHAT IN THE WORLD IS XI JINPING THINKING?

FZ: What in the world is the leader of the second largest economy on the planet thinking? That's a question many would love to know the answer to, but in a closed, secretive society, like China, it's all but impossible to know. He rarely gives interviews, and the press in China is far from free. But now we have something to look at. Chinese President Xi Jinping has a new book, entitled *The Governance of China,* and it's aiming for worldwide impact. State media there reports that the book has been published in nine languages: Chinese, English, French, Russian, Arabic, Spanish, Portuguese, German and Japanese.

My next guest, Robert Lawrence Kuhn, says it is a milestone. Kuhn has advised the Chinese government for twenty-five years, and is the author of *How China's Leaders Think*. Welcome.

KUHN: Pleasure to be here.

FZ: First, give us a sense of who this man is for our viewers. Who is Xi Jinping, and why is he a little different from China's ordinary leaders?

KUHN: Xi Jinping has been involved in all aspects of what makes China today. His father was one of the founders of the country, truly a great revolutionary and a great reformer in the early days. Xi Jinping graduated from Tsinghua University ['China's MIT'], with a degree in chemical engineering. Then he went through more than two decades working at the local level. Starting in a county, and then a city, Xiamen, working his way up for many years in Fujian province, becoming the governor. Then for five years Xi was the Party Secretary of, the number one official responsible for, Zhejiang province, which is the center of entrepreneurship in China. So that gives him a great sense of business. And that was when I first met Xi Jinping, actually, in 2005, and then again in 2006, seeing him doing the real work of running a province, a local area.

President Xi is a person, when you see him, who is unassuming; he's big, he has a strong presence in a room, but you feel very comfortable with him. He doesn't put on airs, he's very warm and

BBC World News
Robert Lawrence Kuhn

China's Economy & Politics
President Xi's 'Four Comprehensives'
August 25, 2015

HOST: Dr. Robert Lawrence Kuhn is an advisor to the Chinese government and author of *How China's Leaders Think* and he joins me now from Beijing. A cut in interest rates today - but in China any economic decision is always colored with politics.

RLK: Certainly people are concerned here, but you have to realize a 43% drop in the Shanghai stock market is still 25% above its 52-week lows, so what the economists, government, tries to do is to distinguish between the so-called real economy and the stock market. Most people realize China's stock market was overvalued, but perception is reality, and if people have less money on paper, they'll spend less, and so the fall will affect the real economy.

And you're right, the way to look at such situations in China is not just economically - you can't look at China without looking at politics, and here there are two major areas. One is President Xi Jinping's state visit to Washington. This has been a very tense time in Sino-US relations: South China Sea, cybersecurity, human rights, lots of issues. But what this economic uncertainty and volatility will do - I hope - is to make both presidents focus on what really affects human beings and human lives, focus on economic areas, because this is where there can be some commonality between China and the US. The contentious issues are real, but economics is more real for people.

Domestically in China, it's really interesting, because in recent days, there have been editorials in *People's Daily* talking about extreme resistance to reform and older leaders who are still involved and maybe shouldn't be, and so you have to look at domestic politics in terms of what Xi Jinping, who is China's dominant leader, the president of the country, head of the party, head of the military, and other titles as well, and what his overarching policy is.

It's called the "Four Comprehensives." We learn from each one. The first says that China wants to build a 'moderately prosperous society'. That's their short-term goal. It's not different than others have said in

上证综指 3091.45
深证成指 10423.97
CHINA MARKETS FALL
China cuts interest rates for fifth time since Nov

-3.51% -112.77
-4.69% -514.9
CHINA MARKETS FALL
China stocks continue to tumble
BBC NEWS

CHINA MARKETS FALL
Yesterday Shanghai markets saw biggest fall in 8 years
BBC NEWS

第01版:要闻 版面导航 下一版

“一带一路”将成本世纪伟大故事

——专访美国库恩基金会主席罗伯特·劳伦斯·库恩

本报驻美国记者 张朋辉

《人民日报海外版》（2017年05月08日 第01版）

罗伯特·劳伦斯·库恩

“一带一路”国际合作高峰论坛开幕前夕，本报记者专访了美国库恩基金会主席罗伯特·劳伦斯·库恩。作为此次高峰论坛的嘉宾之一，库恩博士密切关注中国倡议的“一带一路”建设，对“一带一路”建设及“一带一路”国际合作高峰论坛抱有很高期待。他认为，“一带一路”倡议正当其时，“一带一路”建设将成为21世纪最伟大的故事之一。

中国找到了同世界的契合点

库恩分析说，“一带一路”在世界这么受欢迎，是因为中国找到了自身发展经验同世界需要的契合点。他说，“一带一路”倡议在全球许多国家受到热烈欢迎，主要有3个原因：一是基础设施是很多发展中国家的迫切需要，基础设施建设是“一带一路”的重要关注点。 二是世界上很多国家经济增长缓慢，他们希望通过参与“一带一路”建设项目刺激经济增长。三是对于许多发展中国家来说，中国既是一个榜样，也是能够带来专长、经验和资本的国家，参与“一带一路”建设项目是与中国加强合作的理想方式。

“一带一路”倡议提出3年多来，成果超出预期，得到国际社会积极评价。库恩说：“习近平主席关于合作共赢的全球化观念，从蓝图变成了路线图，从计划到付诸实践，从纸面的概念变成了地面的项目。过去3年，‘一带一路’建设项目遍地开花，我亲自见证了这一设想从愿景变成现实。”库恩说，他更看重的成就是将正在进行的“最

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Interview: Xi's engaging, creative diplomatic approach to benefit China-U.S. ties: U.S. expert

| 2015-09-10 21:06:53 | Editor: Tian Shaohui

by Xinhua writer Luo Jun

BEIJING, Sept. 10 (Xinhua) -- Chinese President Xi Jinping, with an engaging and creative diplomatic approach, is likely to secure "a big success" in his visit to the United States later this month, said U.S. expert Robert Kuhn.

In an exclusive interview with Xinhua, Kuhn, author of "The Man Who Changed China: The Life and Legacy of Jiang Zemin" and "How China's Leaders Think," recalled Xi's previous trip to California as president and to Iowa as vice president as "one of the best images as for China."

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(The photo shows Robert Lawrence Kuhn introducing "Xi Jinping: The Governance of China" at BookExpoAmerica in New York on May 29, 2015)

"He went to sporting events and I was at one of the luncheons. You really had a wonderful, enriched feeling about China at that point," Kuhn said.

Now with the United States entering a political season of presidential election, issues of contention with China and the lack of overall understanding of China's policy has been increasing, but Kuhn believes that low expectations can become an advantage as people may "get surprised on the positive

Comment

editorial • opinion

CHINA DAILY
中国日报

EDITORIAL

A foundation of law

THE FOURTH PLENARY SESSION OF THE 18TH Central Committee of the Communist Party of China opens on Monday and will last for four days. The designated theme — governing through the rule of law — indicates how important this meeting will be for the future of both the Party and the country.

That this is the first time in 17 years the Party has designated such a theme for a plenary session speaks volumes about the importance the new leadership attaches to it. It is high on the agenda.

Yet, the more the concept of rule of law has been discussed, the more obvious it becomes that there is, today, much to be desired.

More than 50 minister-level or higher officials have either been indicted or placed under investigation for abuse of power in the past year or so, underlining the fact that the rule of law is sorely needed. It is perhaps the only way to eliminate, once and for all, the most serious threat to good governance and to secure the blessings of prosperity and justice to the people.

The fact that power today can effectively nullify the law, and that those in power can circumvent it, not only deprives the Party of its capacity to govern the country in a consistently fair and just manner but also disrupts the reasonable running of the marketplace. Abuse of power makes it impossible for fairness to prevail in the socialist market economy.

Despite the great achievements China has made over more than three decades, it will be very difficult for its economy to grow in a sound manner — and neither will society progress in a healthy way — unless fair competition and mutual trust can be secured and ordinary people's rights and interests can be guaranteed through the rule of law.

If the country is to achieve further reforms in various fields and establish and maintain a fair and just society, the power-worshipping mentality among government and Party officials must be eliminated. This is a core goal of the leadership.

Unless the overwhelming majority of Party and government officials not only respect the law, but follow it when making decisions, governing the country by the rule of law will amount to little but lip service.

It will be no easy job, and it will take time for the power-oriented way of doing things to be transformed. But the new Party leadership has shown it has the courage to face the challenge. We therefore have reason to expect much from the current plenary session as they work to put the country on the right track.

OTHER VIEWS

Historic moment

The convocation of the Fourth Plenary Session of the 18th Communist Party of China Central Committee, whose theme is promoting the rule of law, embodies the CPC's deepening perception on governance and the law.

www.people.com.cn October 15.

It is the first time that the CPC, as the ruling Party, will make a comprehensive plan on the rule of law in the form of a Party document. The session, which marks the ruling Party's significant strategic layout on how to govern the nation in accordance with laws and the Constitution, illustrates its new exploration of socialism with Chinese characteristics. The CPC Central Committee will focus on discussions on how to promote rule of law in at a plenary session. ...

It has only six years to 2020, the deadline set for the realization of a well-off society for China, and 35 years to 2049, the promised year for China to be a prosperous, democratic, civilized and harmonious socialist modern nation. All these mean China has entered a crucial stage of deepened reforms. Only by sticking to "governance of the nation according to laws" will China realize its historic mission.

www.xinhuanet.com.cn October 19.

The National People's Congress, China's top legislature, should play a bigger role in the country's efforts to promote the rule of law. For example, the NPC can push for deepened reforms within the framework of the Constitution and laws through legislation to realize a benign interaction between reforms and the rule of law. The deeper the water China's reforms will enter, the more legal guidance and guarantees these reforms will need. The NPC enjoys a broad space for maneuvering in this regard.

Beijing News October 17

In the last three months, the Political Bureau of the CPC Central Committee has held two conferences studying major issues related to comprehensively pushing for the rule of law. As the theme "China ruled by law" is set for the Fourth Plenary Session of the 18th CPC Central Committee, the overall planning and prospect of a China governed by law will become increasingly explicit.

Lianhe zaobao October 14

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ROBERT LAWRENCE KUHN

Decoding Xi's future vision

President Xi's new book reveals his thinking about the country's governance and maps out a path for achieving the Chinese Dream

The Governance of China, President Xi Jinping's new book, is unprecedented. Can analyzing the book elucidate Xi's thinking and illuminate China's future? Consider seven frameworks or perspectives: publishing purposes, overarching themes, content analysis, chain of developmental causation, domestic goals, domestic means and global principles.

Publishing Purposes: *substance, symbol, signal.* Substance means Xi's political philosophy and wide-ranging policies — organizing 79 speeches and commentaries in 18 chapters — to discern how Xi intends to realize the Chinese Dream, "the great rejuvenation of the Chinese nation". Symbol means recognizing Xi's emergence as China's leader, with greater authority, confidence and support than observers had expected when he first took office two years ago. Signal means communicating Xi's way of thinking to global audiences in nine languages, an original and explicit outreach to engage the world on multiple levels.

Overarching Themes: *pride, stability, responsibility, vision.* Pride expresses the yearning of the Chinese people for the "great rejuvenation". Stability means maintaining the current political system (Socialism with Chinese characteristics and the Party's leadership). Responsibility means "realizing a moderately prosperous society by the centenary of the Party in 2021". Vision means "turning China into a prosperous, democratic, culturally advanced and harmonious modern socialist country by the centenary of the People's Republic of China in 2049".

Content Analysis. How does Xi impute importance to topics? By examining what's in Xi's book, can we explore what's on Xi's mind? Of the book's 18 chapters, 11 relate to domestic affairs, seven to foreign affairs; six have political relevance; six concern standards of living; and four standards of behavior. Categorizing the content, about a third is politics and people; another third on international relations; about 15 percent each on reform and development, and society and culture; and about 8 percent on national security and defense. Pervasive throughout is reform.

Chain of Developmental Causation. The Chinese Dream is founded on political stability, which enables far-reaching reform, which in turn promotes economic development, and which, when combined with rule of law and Chinese values, strengthens China's society, culture, ecology and even defense. Where is this "chain of causation" in Xi's book?

The first and last chapters affirm political stability: "Socialism with Chinese Characteristics" and "The CPC Leadership", both of which assert the Party's political primacy and thus assure social stability. "The Chinese Dream" is the second chapter, proclaiming the grand mission of national resurgence and personal well-being. Then, chapters on deepening reform and economic development, which lead to chapters on rule of law, advanced culture, social undertakings and ecological progress.

Domestic Goals: *values, morality, prosperity, fairness, happiness*. Values: Xi's vision is to inculcate China's traditional values — "the thoughts of the ancient sages", exemplified by Confucianism — into socialist core values. ("We must take traditional Chinese culture as the base.") Morality: Derived from values, morality is described as "conscious law", and "civic morality" is characterized as needing improvement, while "paragons of morality are important banners for building public ethics". ("A gentleman takes morality as his bedrock" — a traditional virtue that Xi quotes.) Prosperity: "Common prosperity is the fundamental principle of Chinese socialism ... We will accelerate China's overall prosperity". Fairness: Because the Chinese people have always had a perception that "inequality rather than want is the cause of trouble", Xi says, China "should do a better job of promoting fairness and justice". Happiness: The Chinese Dream, Xi says, is to "bring happiness to the Chinese people", to "ensure the people greater happiness" — but, he cautions, "happiness does not fall from the sky, nor do dreams come true automatically." (In Xi's book, "values" occurs about 120 times, "morality" 24, "prosperity" 67, "fairness" 44 and "happiness" 16.)

Domestic Means: *close to the people, realism, stability, reform, rule of law, combating corruption*. "Close to the people" is an all-encompassing way of thinking that shapes all decisions. Realism: "I have repeatedly said that the great rejuvenation of the Chinese nation can in no way be realized easily," Xi says. "While fully affirming our achievements, we should also be aware of our shortcomings." Stability: The precondition for all else, stability is a recurrent and foundational theme ("stability" occurs 125 times). Reform: Those who wonder whether Xi is a "real reformer" should read "Explanatory Notes ... Concerning Comprehensively Continuing Reform" (page 76). Examples: the market plays a "decisive role"; farmers given transactional property rights; the judicial system separate from the administrative system. Rule of Law: "A fundamental principle" and "the basic way to run the country" — the Fourth Plenary of the 18th CPC Central Committee, focusing on rule of law, is Xi's call to action. Combating corruption is a hallmark of Xi's administration, enhancing each of the five other domestic means. It is no accident that the chapter on combating corruption is positioned, significantly, between "Close Ties with the People" and "The CPC Leadership".

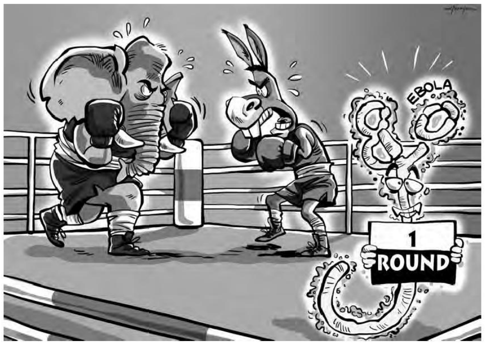
I bear witness to Xi's consistency. In 2006, Adam Zhu (my long-term partner) and I met privately with then-Zhejiang Party Secretary Xi. He stressed that while China should be properly proud of its successes, "achievements should not engender complacency". Xi said: "We need to assess ourselves objectively."

Global Principles. Consider five. Independence (China remains unaligned). Multi-polar world (no country dominates). One country, two systems (Hong Kong, Macao, Taiwan). Peaceful development ("We have made a solemn pledge to the whole world that we will never seek hegemony"). Multilateral affairs (cooperation with the global community). These five global principles drive China's "new model of major country relations" (primarily with the US), "neighborhood diplomacy" (Japan, Vietnam, Koreas, etc.), and "cooperation with developing countries" (such as in Africa). The Silk Road economic belt (land route and maritime) is President Xi's new initiative for multinational development.

Here's my blurb for Xi's book: "This book is a milestone, both in substance and symbol, offering openly the political philosophy of President Xi Jinping and recognizing his emergence as China's senior leader. While misunderstandings about China and its leadership abound, there is now no need to speculate about President Xi. Here is how he thinks, candidly and comprehensively." It is the pride of a patriot.

The author is an international corporate strategist and political/economics commentator. He is the author of How China's Leaders Think *and a biography of former president Jiang Zemin. He gave one of the speeches at the launching ceremony for* Xi Jinping: The Governance of China, *at the Frankfurt Book Fair on Oct 8.*

LI MIN



FU JING

Courtesy, not confrontation, best for Europe

Minister of Commerce Gao Hucheng arrived in the lobby of the European Commission's headquarters at 9 o'clock on Saturday morning. He was led to the office of outgoing Trade Commissioner Karel De Gucht, who has been a thorn in the side of Chinese businesses because of his protectionist attitude ever since he took over the job in 2010.

De Gucht, 60, will be replaced in a few days by Swedish politician Cecilia Malmstrom, 46, when a newly constituted commission gets underway.

In the afternoon, the Chinese side announced a long-awaited agreement in principle: Brussels will not launch an investigation into subsidies of China's telecommunication imports into the European market. The EU side still needs to go through internal procedures for formal approval. The threat was mainly targeted at Chinese telecommunications equipment makers Huawei Technologies Co and ZTE Corp.

While the big picture of relations has been a positive one, the Europeans have annoyed Beijing from time to time — for example, by allowing the Dalai Lama to visit, by attacking China on human rights and by imposing high trade barriers.

Despite such irritants, Beijing has sent constructive signals. In the first half of this year, President Xi Jinping paid the first-ever visit of a Chinese president to the European Union's headquarters. And last week, at the summit of Asian and European leaders in Milan, Italy, Premier Li Keqiang hosted a special dinner for Barroso and European Council President Herman Van Rompuy, thanking them for their contributions to positive relations. At the dinner, the leaders were thought to have touched on the telecommunication trade dispute, which involves about 1 billion euros ($1.26 billion) annually.

The path to Saturday's solution was similar to a pattern set earlier, in mid-2013, after both sides worked through an anti-dumping and anti-subsidy investigation involving China's multi-billion-dollar solar panel exports to the EU. Brussels began that investigation in 2012.

Beijing was unhappy that there had been no high-level invitation to visit Brussels a year after the launch of the investigation.

In May last year, Li made his first trip to Germany after taking office and won the support of the German government, which vetoed Brussels' decision, following dozens of EU member states.

Li made a last-minute call on Barroso the following month, as Brussels was about to vote on whether to end the solar panel dispute through amicable consultation.

Li's decisive role was crucial in preventing the escalation of a trade war. If Beijing had opted to deal with such disputes in an eye-for-eye, tooth-for-tooth manner, both sides would have been losers, with the EU taking the brunt. It has already suffered two economic recessions, and its jobless rate has been in double digits for a few years now.

Of course, with the trade volume between China and Europe expanding, and with investment pouring into Europe, China's government, its businesses and its media must work to make the most of the rising economic tide.

So far, there is no unified Chinese business council in Brussels to represent and lobby for Chinese investors in Europe. By contrast, a major US business organization reportedly has 300 staff members focusing on Brussels' policymaking.

A lack of communication and influence can easily lead to misunderstandings. Bureaucrats in Brussels usually follow Washington's lead when making policies that affect China.

Trade commission leaders need to make more field trips to member states to learn how Chinese businesses matter.

Take China's solar panel exports for example. The industry, which involves about 400,000 workers in China, has offered competitive products to thousands of European upstream companies and helped Europe achieve its status as a green energy leader.

In telecom, Huawei and ZTE are deeply integrated with European partners. And, incidentally, Huawei is a steady job creator in Europe, where young people, in particular, have faced huge employment challenges.

If De Gucht had kept the big picture in mind, he would not have made confrontational moves against China and its businesses.

Overall, the EU recognizes China as strong strategic partner. This is the starting point for dispute control. Amicability helps both sides win. With confrontation, everyone loses.

The author is China Daily chief correspondent in Brussels.
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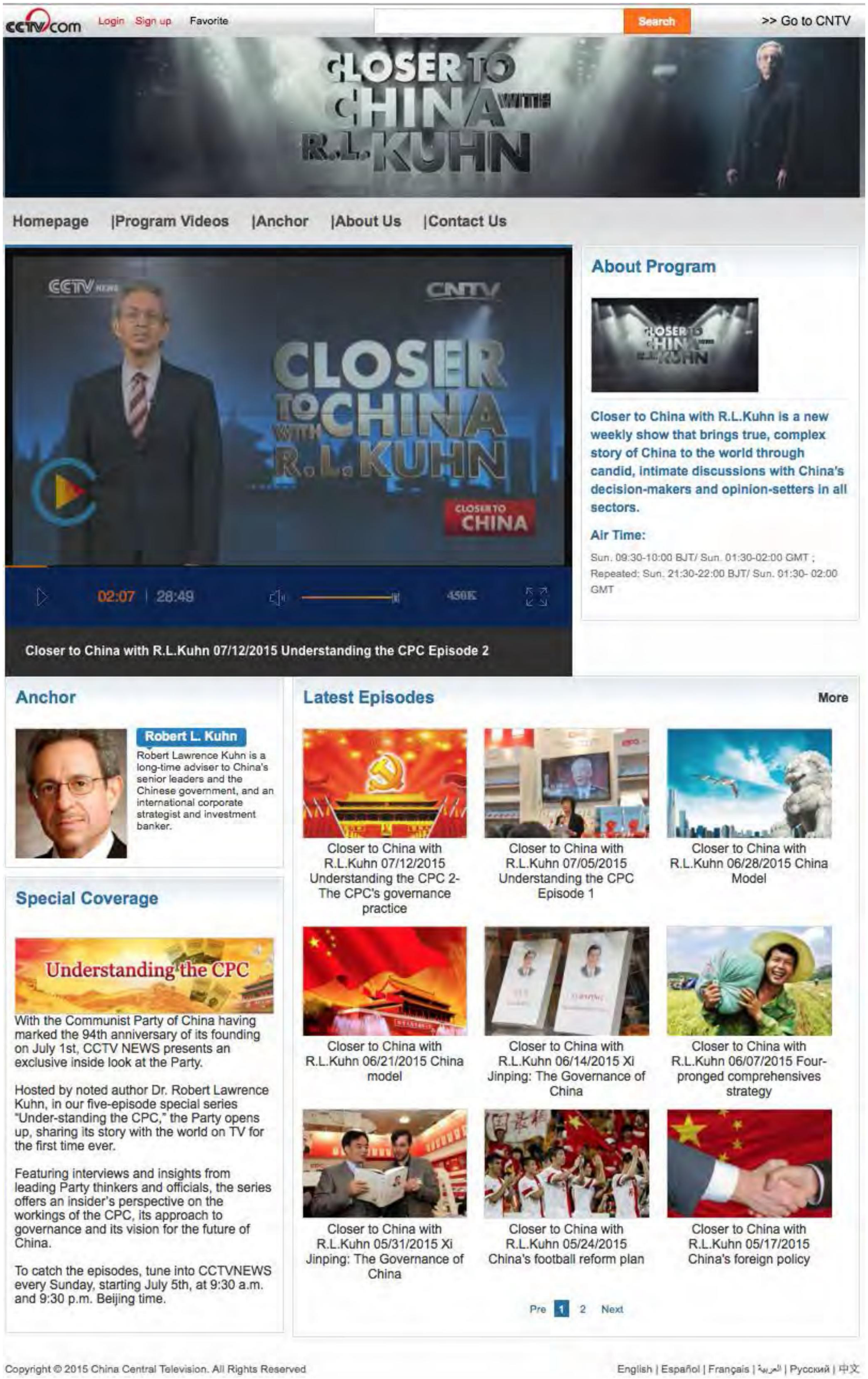
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About Program

Closer to China with R.L.Kuhn is a new weekly show that brings true, complex story of China to the world through candid, intimate discussions with China's decision-makers and opinion-setters in all sectors.

Air Time:

Sun. 09:30-10:00 BJT/ Sun. 01:30-02:00 GMT ;
Repeated: Sun. 21:30-22:00 BJT/ Sun. 01:30- 02:00 GMT

Anchor

Robert L. Kuhn

Robert Lawrence Kuhn is a long-time adviser to China's senior leaders and the Chinese government, and an international corporate strategist and investment banker.

Special Coverage

With the Communist Party of China having marked the 94th anniversary of its founding on July 1st, CCTV NEWS presents an exclusive inside look at the Party.

Hosted by noted author Dr. Robert Lawrence Kuhn, in our five-episode special series "Under-standing the CPC," the Party opens up, sharing its story with the world on TV for the first time ever.

Featuring interviews and insights from leading Party thinkers and officials, the series offers an insider's perspective on the workings of the CPC, its approach to governance and its vision for the future of China.

To catch the episodes, tune into CCTVNEWS every Sunday, starting July 5th, at 9:30 a.m. and 9:30 p.m. Beijing time.

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Views

International Herald Tribune
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Xi Jinping's Chinese Dream

EDITORIAL OPINION

OBAMA MEETS XI JINPING
American policy makers must understand that the new Chinese leader needs to be a nationalist to be a reformer.

Robert Lawrence Kuhn

BEIJING What to make of Xi Jinping, China's new senior leader, who holds his first summit meeting this week with President Barack Obama?

The hope is that Xi is a reformer who will guide China through domestic transformation and to responsible statecraft. The fear is that Xi is a nationalist, who has set China on an aggressive course of bullying its neighbors and confronting the United States.

The fear seems not unfounded. China has intensified its territorial claims, from island disputes with Japan to vast areas of the South China Sea.

Xi frequently inspects People's Liberation Army forces, especially naval fleets, exhorting China's military to "get ready to fight and to win wars" and "to win regional warfare under I.T.-oriented conditions."

Xi holds China's top three positions: head of the ruling Communist Party of China, head of state, and, as chairman of the Central Military Commission, head of the military. He will likely lead China for a decade.

Just after becoming party chief in late 2012, Xi announced what would become the hallmark of his administration. "The Chinese Dream," he said, is "the great rejuvenation of the Chinese nation."

Xi's Chinese Dream is described as achieving the "Two 100s": the material goal of China becoming a "moderately well-off society" by about 2020, the 100th anniversary of the Chinese Communist Party, and the modernization goal of China becoming a fully developed nation by about 2049, the 100th anniversary of the People's Republic.

The Chinese Dream has four parts: Strong China (economically, politically, diplomatically, scientifically, militarily); Civilized China (equity and fairness, rich culture, high morals); Harmonious China (amity among social classes); Beautiful China (healthy environment, low pollution).

"A moderately well-off society" is where all citizens, rural and urban, enjoy high standards of living. This includes doubling the 2010 G.D.P. per capita (approaching $10,000 per person) by about 2020 and completing urbanization (roughly one billion people, 70 percent of China's population) by about 2030.

"Modernization" means China regaining its position as a world leader in science and technology as well as in economics and business; the resurgence of Chinese civilization, culture and military might; and China participating actively in all areas of human endeavor.

If Xi's nationalism seems at odds with these grand goals, it is not. Here are six reasons why:

- *Need to consolidate power.* Xi was not selected by Deng Xiaoping, the architect of reform, as were his predecessors (Jiang Zemin and Hu Jintao), and he was not elected by the people. Conventional wisdom had it that Xi would be a weak leader. In order to realize his Chinese Dream, Xi needs to assert strength and assure control. So far, he has exceeded expectations.
- *Need to enable reform.* Xi and Premier Li Keqiang are determined to enact far-reaching economic reforms, the most extensive in 15 years, but there is stiff resistance from those whose dominance would be diminished and benefits cut (such as state-owned enterprises with ties to party power).

This resistance can no longer be couched credibly in terms of ideology, so it appeals to nationalistic aspirations by accusing reformers of "worshipping Western ways," "glorifying Western models" or "caving in to Western pressures." Xi's proactive nationalism is a strategy of "offense is the best defense" — an inoculation, as it were, against the political virus of being labeled "soft" or "pro-Western."

Reformers in China are generally associated with pro-American attitudes and thus subject to fierce public criticism. By establishing himself as a nationalist operating independently of the United States (his first foreign trip was to Russia), Xi is able to secure economic reforms by distinguishing them from serving Western/American interests.

- *Need to legitimze one-party rule.* To perpetuate its rule (which China's top leaders truly believe is essential for the well-being of the country), the Chinese Communist Party has constructed a grand narrative that is founded on three critical claims: Only the Communist Party can continue to improve citizen's standard of living (and ameliorate severe social and economic disparities); only the party can maintain a stable, unified country and construct a happy, harmonious society; and only the party can effect the "rejuvenation of the Chinese nation," which stresses a firm command of "core interests" (i.e., sovereignty and territoriality) and increasing global respect.
- *Maintain stability through unity.* China faces numerous internal tensions, especially a class-divided populace (rich-poor, urban-rural, coastal-inland) that have erupted within one generation. Moreover, an increasingly complex society can fracture along multiple fault lines. Pollution, corruption, healthcare, housing, migrant workers, workers' wages, social cynicism, changing values, among other raging issues, threaten to fragment society — and all are exacerbated by an energetic social media. Only nationalism, which resonates intrinsically and passionately across Chinese society, can provide sufficiently strong social glue.
- *Differentiate from predecessors.* Top Chinese leaders must combine historical continuity with their own distinguishing theories and practices. How shall Xi fare?

Economic growth rates must decline, and a host of domestic tensions (or crises) are coming his way, such as public anger at corruption and resistance to pollution. Hence another rationale for nationalism.

In the past, nationalistic surges were triggered largely by external events (such as NATO's accidental bombing of the Chinese Embassy in Belgrade in 1999). Xi is putting nationalism at the core of his leadership — his nationalism is proactive, riding the high road of patriotism and pride.

- *Personal beliefs.* Xi has deep-seated patriotic convictions, the product of family, life and career. His father, Xi Zhongxun, was a founder of the new China and a leading reformer under Deng Xiaoping. In 2006, when Xi Jinping was party secretary of Zhejiang Province, he told me about Chinese pride and patriotism as motivating China's historic resurgence — words remarkably similar to his recent pronouncements.

So is Xi a reformer? A nationalist? The answer is that he is both, because only by being a nationalist can he be a reformer. American policy makers must understand Xi's nationalism so that when the reigning superpower meets the rising superpower, both can benefit.

ROBERT LAWRENCE KUHN *is an international investment banker and the author, most recently, of "How China's Leaders Think: The Inside Story of China's Reform and What This Means for the Future."*

GLOBAL VIEWPOINT/TRIBUNE MEDIA SERVICES

Last word

The insider with an outside view

STRATEGIST, BANKER AND AUTHOR HAS INTIMATE KNOWLEDGE OF CHINA — AND ITS LEADERS

By **ANDREW MOODY**
andrewmoody@chinadaily.com.cn

Robert Lawrence Kuhn says the West often doesn't understand the Chinese leadership's key priorities for China. The 67-year-old American is seen by many as one of the few figures outside the world's second-largest economy who actually does.

He is regarded as a knowledgeable insider, having been an adviser to a number of leading Chinese bodies since the late-1980s and knowing many of the country's top political figures personally.

"There is rarely alignment between what topics China's leaders think are important about China and what the world thinks," says Kuhn, also an international corporate strategist and investment banker. "Understanding China requires knowing the difference."

He was speaking recently in the five-star Grand Hyatt hotel in central Beijing, which is his home for 90 days a year. The rest of the time he divides between his three homes in the United States and traveling elsewhere.

"They treat me very well here. Even when I travel around China, I keep a room here," he says.

The hotel is well placed near to China's seat of government around Tian'anmen Square where he has an extensive network of contacts.

His latest book, *How China's Leaders Think: The Inside Story of China's Past, Current and Future Leaders*, which is now out in paperback and more than 500 pages, goes into extensive detail about those who have the responsibility for shaping modern China.

Kuhn, who cuts a dapper figure, says many in the West often have an outdated view about modern Chinese leaders.

"The reality is that China's leaders are meritocratic," he says.

"Many have strong academic backgrounds from top universities and all have significant experience, often having run two or more provinces or major municipalities as Party secretary, governor or mayor."

Kuhn, who is also a new China Daily columnist, is much in demand from major news organizations around the world, including TV appearances on BBC, CNBC, Euronews and Bloomberg TV, and says he has had complete freedom to express his opinions.

"I have written three books about China, dozens of articles and columns; I've produced two major TV documentaries about China and given scores of media interviews — and never has anyone in China even requested to censor anything I've published or broadcast outside of China," he says.

Some in the West, however, have accused him of being too much of an insider and not giving the full picture about China because he was too close to the leadership.

Robert Lawrence Kuhn says China's growth is good for the world, but it cannot save the world. FENG YONGBIN / CHINA DAILY

"I deem it vital, considering China's importance in the world, that China's leaders become more known to the world, and known not just via sound-bites and photo ops, but by seeing them up-close as real people — hearing their own words, listening to their stories, getting their ways of thinking. I'm pleased to facilitate some of this," he says.

"I also offer my own analysis. As for my accuracy and understanding, readers or viewers can judge for themselves."

Kuhn, who was born in New York, began his career as a scientist. After studying biology at John Hopkins University, he did a doctorate in anatomy and brain research at the University of California at Los Angeles in the 1960s. Brain science and consciousness remain major interests of his.

His first involvement in China was through the scientific community in the late-1980s when he worked with scientists reforming China's research and technology base. He received an invitation from Song Jian, then a State councilor and chairman of the State Science and Technology Commission.

At the time he was developing a parallel business career and became president of The Geneva Companies, a leading US mergers and acquisitions company, which he eventually sold to Citigroup in 2000.

At the same time he was cementing links with leading business and political figures in China.

His organization, The Kuhn Foundation, with CCTV (China Central Television), produced the documentary *In Search of China* for PBS in the US, which was broadcast in 2000.

He is now working on a new five-part series *China's Challenges*, which will be broadcast in China in the autumn and syndicated to PBS stations in the US next year.

Perhaps Kuhn's most significant project was writing a biography of former president Jiang Zemin, which was the best-selling book in China in 2005.

How China's Leaders Think was based on interviews with more than 100 leading Chinese political figures, some of whom he has known for more than a decade.

"I know many personally and have worked with several for a number of years. When you hear them speak over a period of time, it gives you a sense of their personalities and character as well as their intellectual capabilities, leadership style and political progress," he says.

Kuhn sometimes likes to invoke humor to explain why there is sometimes friction between Chinese and American leaders.

"Some people think it is because of ideological, historical or cultural reasons that we have communication problems. As I once pointed out, perhaps it's because China's leaders, the members of the Politburo Standing Committee, were trained as engineers, and most American politicians were trained as lawyers. Maybe the problem is that lawyers and engineers can't talk to one another!"

Kuhn says the main focus in the West is often the Chinese economy and whether it will continue to motor ahead.

"China should have 10 to 20 more years of what we should still call relatively high growth, driven by continuing the country's unprecedented urbanization and modernization.

"Growth rates will naturally ease from reform's historic averages — probably to 6 to 8 percent per annum — which is less than we are used to, but which may be optimal because China can more effectively deal with its most severe problems, particularly economic and social imbalances and sustainable development.

"However, China's economy is fragile, vulnerable to exogenous shock. China's growth is good for the world, but it cannot 'save the world'," he says.

Kuhn says there is often a danger of China being misrepresented because it is seen through a narrow perspective.

"Western media takes China's very real problems and reports them as if they were, say, 80 percent of China's story. I take the same problems — which are genuine and often intractable — and they consist of, say, 35 percent of my work," he says.

"It is not that Western media is conspiratorially biased or always anti-China, it is that they often do not provide proper and sufficient context," he says.

Huang Tiantian, Dong Fangyu and Zheng Yibing contributed to this story.

BIO

ROBERT LAWRENCE KUHN

International corporate strategist, investment banker, senior adviser to multinational corporations and author

Age: 67

Education:
- Bachelor's degree in human biology, Johns Hopkins University, 1964
- PhD in anatomy and brain research, University of California at Los Angeles, 1968
- Master of sciences in management, MIT Sloan School of Management, 1980

Career:
- President and co-owner of The Geneva Companies, a US leading mergers and acquisitions company (sold to Citigroup in 2001)
- Chairman, The Kuhn Foundation, which produces documentaries on scientific and philosophical questions as well as on China issues
- Author of *The Man Who Changed China: The Life and Legacy of Jiang Zemin* and *How China's Leaders Think*, as well as 25 books on business strategy, finance and investment banking

Books: *The Inflationary Universe: The Quest for a New Theory of Cosmic Origins* by Alan H. Guth, *Lake Views: This World and the Universe* by Steven L. Weinberg, *The Coherence of Theism* by Richard Swinburne, and *Infinite Minds: A Philosophical Cosmology* by John Leslie. Books on consciousness by John R. Searle, David J. Chalmers and Colin McGinn.

Film: *Khachaturian* (2003, directed by Peter Rosen; Dora Serviarian-Kuhn, executive producer)

Music: *Piano Concerto in D-flat Major* by Aram Khachaturian (1903-78) played by Kuhn's wife Dora Serviarian-Kuhn

Food: "I eat tofu all the time. I appreciate the unbelievably different textures."

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On a mission to explain ‘real’ China

Lu Feiran

China expert and American public intellectual, Robert Lawrence Kuhn is best known in China for two books about Chinese leaders and their views, including a biography of former President Jiang Zemin in 2005 and one about other leaders and their thinking in 2009.

Kuhn, also an investment banker, business consultant, brain scientist and philosopher, has been granted unprecedented access to Chinese leaders, though he does not speak Chinese.

His biography “The Man Who Changed China: The Life and Legacy of Jiang Zemin” published in both Chinese and English, was a best-seller in China where readers are not accustomed to humanized biographies of leaders.

It was probably the first biography written by a foreigner about a living Chinese leader that was published in China.

Kuhn has also produced documentaries on China, written extensively for Chinese media and is often quoted by western media. He is a contributor and consultant to CCTV, some Chinese newspapers and the Xinhua News Agency.

Kuhn sees his mission as telling the world about the real China.

He was in Shanghai late last month for an International Channel Shanghai (ICS) program he co-produced and wrote about China’s challenges, in conjunction with the 18th National Congress of the Communist Party of China. He held a press conference and also spoke with Shanghai Daily.

Chinese media sometimes accuse some Westerners and Western media of China bashing, saying they misunderstand or are even malevolent.

But 68-year-old Kuhn, a New Yorker, is believed to have a more neutral view for China. He received a bachelor’s degree in human biology from Johns Hopkins University, a master’s of science in management from the MIT Sloan School of Management, and a PhD in anatomy and brain research from UCLA.

His books were published by the Shanghai Translation Publishing House and Shanghai Century Publishing Group.

Kuhn said he “never tried to please the Chinese government, though Western media thought I did.”

“I like feedback, including negative feedback, because I know that people are engaged,” he told Shanghai Daily.

“I don’t try to make anybody happy, but I just want to tell the truth. I can be wrong, and maybe my truth is not balanced.”

Kuhn’s experience with China started in 1989, when he was invited by former State Councilor Song Jian, director of the State Science and Technology Commission.

The two became friends and Kuhn began traveling between the US and China, getting to know government officials and ordinary people.

Kuhn said he felt frustrated because his experience in China differed from the description in much of the Western media. “Then they only focused on the negative side and ignored the rest,” he said.

That disparity inspired him to write Jiang’s biography, he said. Jiang himself said that Kuhn didn’t “beautify” him and got his wedding date wrong.

Kuhn spent four years writing “The Man Who Changed China.” Though he had only met Jiang three times and did not interview him for the book, he talked to many people close to Jiang, including relatives, friends and colleagues, gathering stories and perceptions. He became close to many of them.

“I thought I had been rather familiar with China before I started working on the book,” said Kuhn. “But after I started collecting the information, I found that my knowledge was very limited.”

Humanized leader

Kuhn said he was determined to depict a real, animated Jiang, different from the seemingly impassive figure appearing on state occasions, on Chinese TV and in newspapers.

“For a very long time, Chinese leaders were either described as God or the Devil, but never in-between,” he said. “So I expected to display a Chinese leader who is a human being.”

Soon after publication, it became a best-seller in China. After Kuhn held a book-signing in Guangzhou, Guangdong Province, more than 300 books were sold in an hour. In Shanghai, more than a million copies were sold in 2005, the highest in the social science category.

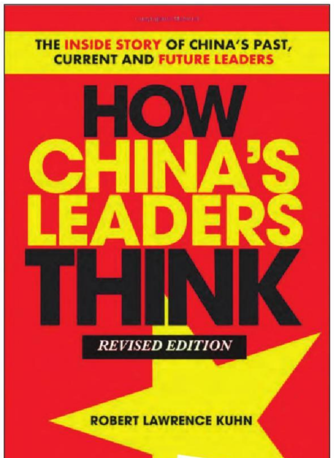
Chinese readers called the book refreshing because it told daily life stories and described Jiang’s youth.

One Internet user called “Burn the scarecrow” said before reading the biography, he thought Jiang was “a quiet man standing high above the masses.”

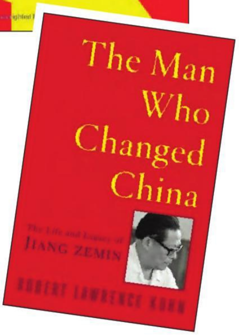
“But after reading the book, my first feeling was that he was once young like us and he is also an ordinary man.”

The English version, however, received some criticism, primarily that Kuhn was “fawning” over Jiang and the government. Kuhn denied that.

“In fact, the book had a disclaimer, saying all


THE INSIDE STORY OF CHINA'S PAST, CURRENT AND FUTURE LEADERS
HOW CHINA'S LEADERS THINK
REVISED EDITION
ROBERT LAWRENCE KUHN

Above: “How China’s Leaders Think”



Right: “The Man Who Changed China: The Life and Legacy of Jiang Zemin”

> “I don’t try to make anybody happy, but I just want to tell the truth. I can be wrong, and maybe my truth is not balanced.

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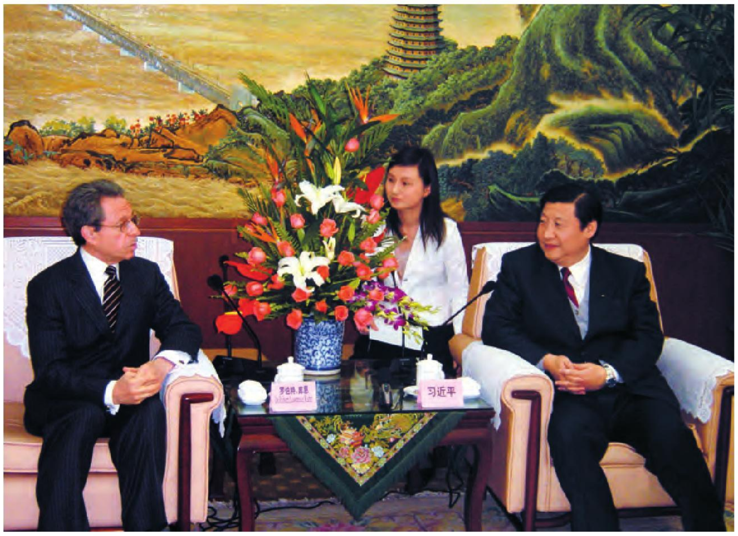


2006年3月，库恩在浙江与习近平会谈。

情地与他们聊天，再从庞杂的素材中挑选自己需要的故事……

库恩坦言，在写这本书的过程中，自己与江泽民仅仅在公开场合见过3次面。“1993年，江泽民对古巴进行国事访问，住在古巴国宾馆，当时，我也在那里。我站在走廊上，而他正好也走了出来。那是我们的第一次见面。”2000年9月，江泽民赴纽约参加联合国千禧年首脑峰会，他在一次招待会上第二次见到江泽民。3年后，库恩又在北京听了江泽民关于几个重要问题的讲话。尽管没采访到江泽民本人，库恩却并不觉得有什么遗憾。在他看来，这本书只是传记而非自传，没必要非采访到本人。

为了完成这本书，库恩总是随身带着手提电脑，一有空就开始写作，从周一到周五，他常常工作至凌晨。每当他在吃完饭后一头钻进书房，妻子总会调侃他“又去见江泽民了”。整整4年，3次重写，5次编辑，库恩光资料就搜集了3000万字，第一稿70万字……

2005年，一本47万字的《他改变了中国——江泽民传》出版。首批印刷的20万册，仅10多天就销售一空。为新书做巡回推广时，由于签名数量太多，库恩的手肘甚至有些劳损，“影响了打网球”。

走访中国40多个城市

《他改变了中国——江泽民传》的成功，让库恩有了进一步探寻中国整体形象的想法。他于是带着助手，开始走访中国40多个城市，进行深入的、大规模的调查研究。

就是在这次调研过程中，2005年2月26日，库恩在浙江西子宾馆见到了时任浙江省委书记习近平。习近平向库恩介绍了浙江的经济、历史和文化等方面的情况，并感谢库恩多年来从自己独到的角度研究中国、向世界介绍中国，在中美两国之间搭起了文化的桥梁。

次年3月，库恩再次来到浙江，这一次，他的目的是了解“浙江模式”。虽然是不期而至，但习近平仍挤出时间与他见面。习近平说，自己之所以要这么做，是要“表示我们对库恩先生关注中国、客观介绍中国的感激之意”。

库恩回忆说，习近平在那次谈话中强调了中国自改革开放以来发生的翻天覆地的变化。“‘有句老话，士别三日当刮目相看。你一个月不来，半年不来，中国就会有很大的变化。’他又补充说，‘但如果结合中国悠久的历史来分析，又不会惊讶于它变化之快，因为我们经历了几千年才走到这一步。无论我们怎么看待这一速度，中国的发展变化，至少在一定程度上，是由爱国热情和民族自豪感推动的。’”

让库恩印象最深的是，在谈及如何以最好的方式向世界介绍中国时，习近平提出，中国的情况无法用简单的一句话来描述，或用单一的方法来概括，并借用中国古代寓言“盲人摸象”来说明这个问题。“他把中国富裕的东部沿海比作大象的腿，而将中国广袤的西部比作大象宽阔的后背，认为‘象是一个完整的概念，必须全面地了解，要避免犯盲人摸象的错误’。”对库恩来说，这样的比喻是新颖而有用的，这个说法，他到现在还记得。

接连的调研，让库恩对中国有了更深入的认识。

2007年12月9日，时任中宣部部长刘云山在与库恩的一次会谈中提议，如果由他来写一部关于中国改革30年的书，一定很有意义。库恩知道，这次又说到他心坎上了。

库恩列出了一份庞大的采访名单，每次采访前，他会向被采访对象提供三四十个问题的采访提纲，后者通常会选择其中的二三十个作答。采访结束后，库恩再根据采访录音进行整理，并对其中提及的年份、数字和事实进行核实。

在与100余位省部级官员、企业领袖和专家学者沟通交流，并采访了诸多改革开放的亲历者后，库恩用5个月时间完成了80万字的初稿。“我的家人说，整整一年，他们只能看到我的后脑勺。”

2008年12月，《中国30年：人类社会的一次伟大变迁》中文版在中国发行。第二年，为纪念新中国成立60周年，该书英文版在全球出版发行。截至目前，这本书是唯一由外国人详细描述中国改革开放30年进程的书籍。G

编辑|张建魁 肖莹　美编|苑立荣　图编|傅聪　编审|刘爱成 丁子

十年十人

政治

库恩
讲述中国政坛10年变迁

□ 本刊记者 **凌云**

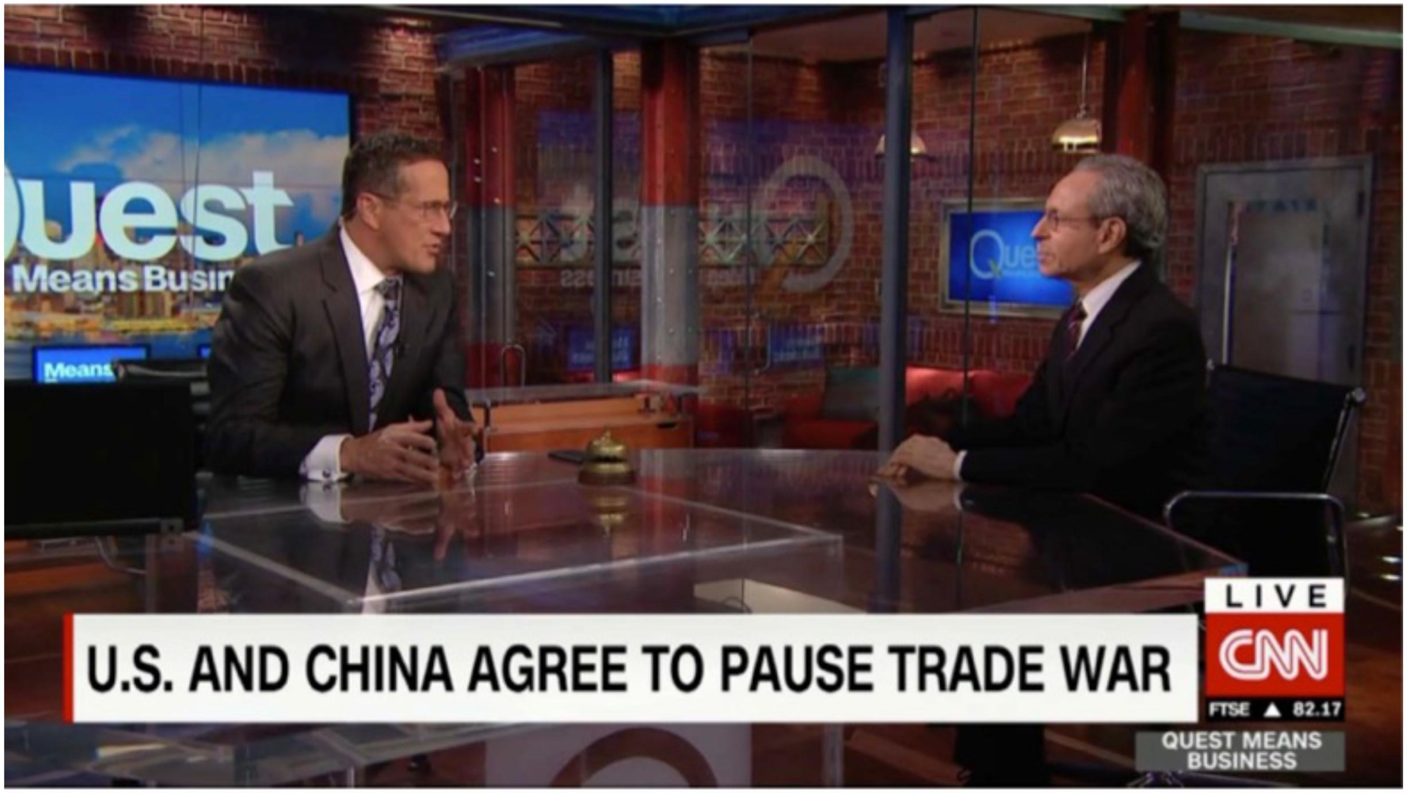
2016年1月11日，库恩在北京接受本刊记者专访。（本刊记者傅聪 摄）

CNN – Quest Means Business

U.S. and China Agree to Pause Trade War

Robert Lawrence Kuhn, December 3, 2018

U.S. AND CHINA AGREE TO PAUSE TRADE WAR
LIVE
CNN
S&P ▲ 25.91
QUEST MEANS BUSINESS

Host **Richard Quest:** **Robert Lawrence Kuhn is a long-time advisor to Chinese leaders and the author of *How China's Leaders Think*. How will they be interpreting the deal that was done on Friday?**	 Quest Means Busin Means LIVE U.S. AND CHINA AGREE TO PAUSE TRADE WAR CNN FTSE ▲ 82.17 QUEST MEANS BUSINESS

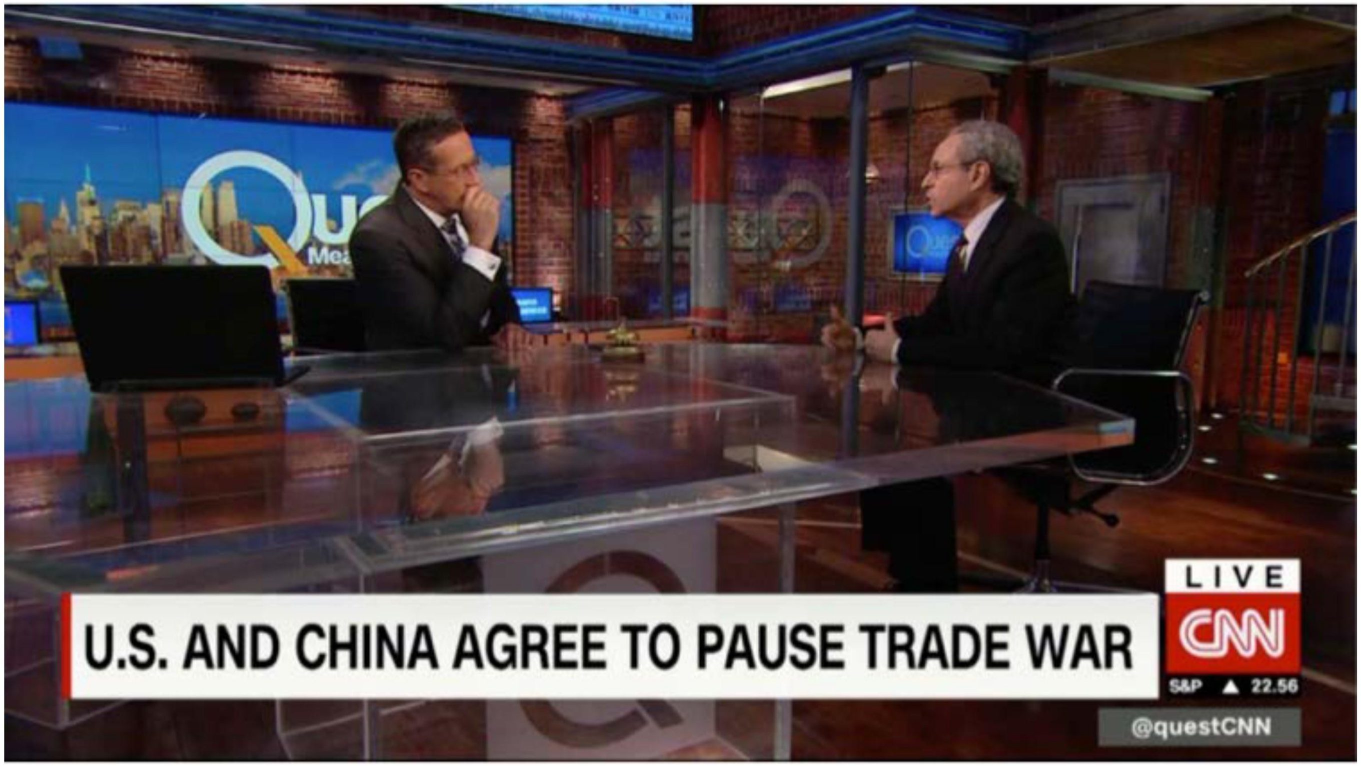
Robert Lawrence Kuhn / RLK: Everybody is pleased that there is the pause; 90 days is very short, of course. We have to look at the short-term, mid-term, and long-term. Let's look at the background to understand where China is today. This is the 40th year, the anniversary, of China's reform and opening up. On December 18th, 1978, Deng Xiaoping made his famous speech, which transformed China from ideologically driven class struggle into economic development. It's a big deal in China; there's a big celebration coming up.	LIVE U.S. AND CHINA AGREE TO PAUSE TRADE WAR CNN @questCNN
RLK: President Xi Jinping has said that the first big goal for China, in 2020, is to have a moderately prosperous society, specifically to eliminate all extreme poverty in China. That means they will have taken 800 million people out of poverty. So that's their overview, and so they look at the status quo that they've had with America as something that's good for both sides.	LIVE U.S. AND CHINA AGREE TO PAUSE TRADE WAR CNN @questCNN

RLK: As for America, we have critical issues that we have to deal with: Open markets, IP protection, forced technology transfer, cyber security / cyber theft — there are a lot of issues on the table.	U.S. AND CHINA AGREE TO PAUSE TRADE WAR LIVE CNN @questCNN
Quest: The two sides are seeing Friday's deal in very different ways. **RLK: That always happens —** **Quest: But the Chinese —** **RLK: That's diplomacy. That's the definition — we saw that in the spy plane collision in 2001; we saw that in the bombing of the Yugoslavian embassy in 1999.**	U.S. AND CHINA AGREE TO PAUSE TRADE WAR LIVE CNN 9:06 PM CET QUEST MEANS BUSINESS

RLK: Both sides had different interpretations to suit their domestic markets.

Quest: But they're not even admitting, or at least acknowledging, a 90 days. Let alone all this business of, "we're going to buy more cars."

RLK: Well, look. In China, there is a debate among Chinese economists, what's good for China? Many economists tell me privately, personally, one-on-one, like I'm talking to you right now, that China needs to open its markets, it needs to have IP protection, it shouldn't support state-owned enterprises as much. But they have internal debate.



RLK: Those Chinese economists are pleased to see this pressure going on, but China cannot admit that publicly, because that undermines the rejuvenation of China, the strength of the government, the national pride.

Quest
U.S. AND CHINA AGREE TO PAUSE TRADE WAR
LIVE
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QUEST MEANS BUSINESS

RLK: We have to understand both sides are speaking to their domestic audiences, but hopefully, when they get together privately, they'll talk business.

U.S. AND CHINA AGREE TO PAUSE TRADE WAR
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Quest: Do you believe that they can and or will make the structural changes necessary to get a long-term deal, because it seems as if President Trump is not going to be satisfied long-term with agreeing to buy a few extra bits of this or that of agriculture.

U.S. AND CHINA AGREE TO PAUSE TRADE WAR
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RLK: I totally agree with that, and I think that's right. We're going to have to see. I mean, it's easy to predict 10 years in the future, but not 10 days. So we'll see where we go.

U.S. AND CHINA AGREE TO PAUSE TRADE WAR
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RLK: But the people in China whom I talk with say they recognize that this time is different. And what they're going to do is they're going to focus on the changes that they believe are good for China. You actually saw that in some of the announcements today. We're going to do the kinds of things that help our domestic economy as well. That sounds like it's a play for their own domestic audiences — to show they're not conceding — but in fact it is really the case.

U.S. AND CHINA AGREE TO PAUSE TRADE WAR
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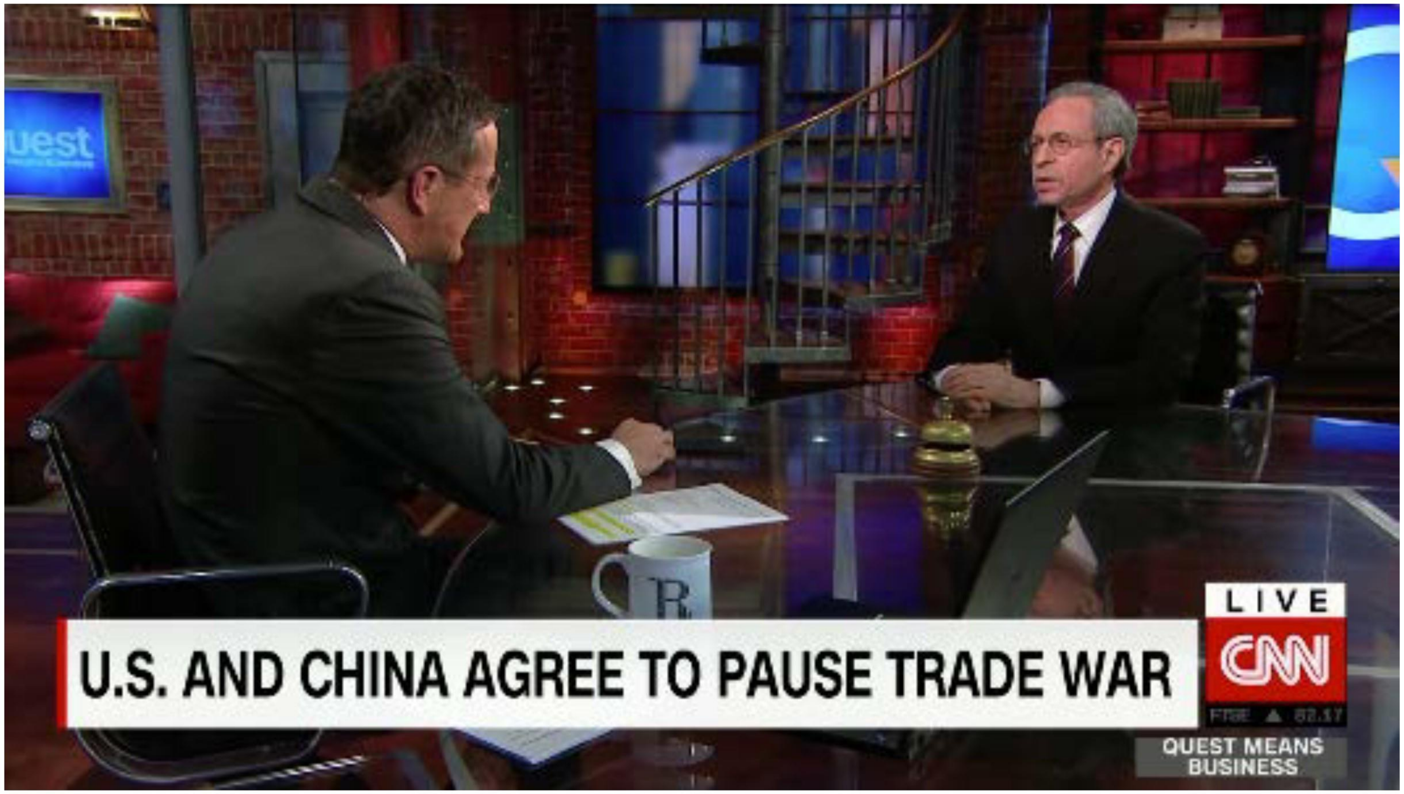
Quest: The U.S. president talked about selling large amounts of agriculture to the Chinese, and tariffs on automobiles down from 40% maybe to 0%. This is mercantilist stuff. This isn't "trade deal."

RLK: Totally agree with that. And those are superficial things, they make headlines, they're easy to understand, but they're not the substance of what's happening here.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LIVE
U.S. AND CHINA AGREE TO PAUSE TRADE WAR
CNN
QUEST MEANS BUSINESS

Quest: Do you believe that there’s a shift in perspective in this, this dinner shifted things?

RLK: I believe there has been a shift; I wouldn’t tell you the dinner did it, but over time, there is recognition that this time is different.

Quest: Thank you, sir. Next time, when it’s different, you’ll come back and tell us.

RLK: Absolutely.

Quest: Okay, good. Good to see you; thank you.

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8:08 PM GMT
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From: jeffrey E. [jeevacation@gmail.com]
Sent: 11/14/2016 3:34:18 PM
To: Thomas Jr., Landon [redacted]
Subject: Re: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....

thx

On Mon, Nov 14, 2016 at 10:32 AM, Thomas Jr., Landon <[redacted]> wrote:

> The latest thinking from London hedge fund crowd
> ---------- Forwarded message ----------
> From: **Ozan Tarman** <[redacted]>
> Date: Mon, Nov 14, 2016 at 9:40 AM
> Subject: EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because ....
> To:
>
> Classification: Public
>
> EUROPEAN MULTI ASSET COVERAGE MEETING IMPRESSIONS: Eyes on Real Money outflows; Christmas comes early for most of macro players, hedge funds. Absolute majority bet on HRC to win, but majority still made good money because Hillary bets worked as Trump trades.
>
> Wider, steeper core rates, stronger USD, weaker EM is the Rage. The last one, EM, is the big loser out of Trump Reflation Theme. DM over EM and divergence within DM are very much in vogue. All gains of EMBI since March are gone!
>
> For Rates & FX, it does feel like early days of Taper Tantrum trade of 3 years ago. Both dominated by US price action. In both, hedge funds have now caught the moves, play offense & ride the Trump narrative. Real Money is on the ropes, caught long Fixed Income/duration/carry and cannot play defense fearing Outflows.
>
> In Emerging Markets, most outflows are retail, ETF driven. All eyes on next leg of institutions. In equities, banks big winners; FANGs losing. I asked partners 2 questions. 1) Would the "this will be great for business, feel good factor" wave out-run "if real yields go up, equities are a sell" fear. Clients are torn, but the former, bullish camp wins for now, my colleagues suggest. There are skeptics though.
>
> 2) In Europe, do fears over Renzi losing & Le Pen winning climb over the big momentum behind banks etc. Again, my equity team suggests, "no, reflation wave may win over Italy referendum anxiety,, for now." Renzi is now widely expected to lose, so a "yes" would be the big surprise trade. And the bigger elephant in the room is Le Pen. If she wins in May, Europe as we know it may really shake.. But for now this is more in the radars of Euro & EBG traders.
>
> Core rates are driven by the speed of TY sell-off. And in G5 FX, the big driver is USD/JPY. The stronger "we should believe in Trump reflation narrative" winds are, the more USD/JPY buyers we see.
>
> Some in Research warn that Trump may succeed in "tax cuts, faster than any infrastructure spending," but few macro are in mood to listen. A few players believe, looking at trade weights of each with US and magnitude of

sell-off, Asia FX may have more weakness to come than MXN. Will copper/infrastructure rally eventually help Chile?

Most macro love NKY, willing to love it more. Bringing it home; fast macro money players are rushing to erase losses, year long pains through wider rates, longer USD, weaker EM, stronger equities.

Real Money is in defensive, remembering Taper Tantrum days, fearing institutional outflows & forced selling of carry hope positions.

Those who want to "fade" Trump rally, seek valuation in EM, believe core rates can tighten to get a breather are in Minority.

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Landon Thomas, Jr.
Financial Reporter
New York Times
[redacted]

> [redacted]
> http://topics.nytimes.com/top/reference/timestopics/people/t/landon_jr_thomas/index.html

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Forthcoming (August 2011) *Future Science* edited by Max Brockman, Vintage Press, New York.

Is Shame Necessary?

Jennifer Jacquet

Jennifer Jacquet *graduated with a master's degree in environmental economics from Cornell University in 2004 and earned a PhD in 2009 from the University of British Columbia, where she now holds a postdoctoral fellowship. As part of the Sea Around Us Project, a joint collaboration between the university and the Pew Charitable Trusts, she researches market-based conservation initiatives related to seafood and other natural resources. With colleagues from the Max Planck Institute for Evolutionary Biology and UBC's Mathematics Department, she is currently conducting a series of games and experiments to study the effects of honor and shame on cooperation.*

Financial executives received almost $20 billion in bonuses in 2008 amid a serious financial crisis and a $245 billion government bailout. In 2008, more than 3 million American homes went into foreclosure because of mortgage blunders those same executives helped facilitate. Citigroup proposed to buy a $50-million corporate jet in early 2009, shortly after receiving $45-billion in taxpayer funds. Days later, President Obama took note in an Oval Office interview. About the jet, he said, "They should know better." And the bonuses, he said, were "shameful."

What is shame's purpose? Is shame still necessary? These are questions I'm asking myself. After all, it is not just bankers we have to worry about. Most social dilemmas exhibit a similar tension between individual and group interest. Energy, food, and water shortages, climate disruption, declining fisheries, increasing antibiotic resistance, the threat of nuclear warfare—all can be characterized as tragedies of the commons, in which the choices of individuals conflict with the greater good.

Balancing group- and self-interest has never been easy, yet human societies display a high level of cooperation. To attain that level, specialized traits had to evolve, including such emotions as shame.[1] Shame is what is supposed to occur after an individual fails to cooperate with the group. Shame regulates social behavior and serves as a forewarning of punishment: Conform or suffer the consequences. The earliest feelings of shame were likely over issues of waste management, greediness, and incompetence. While guilt is evoked by an individual's standards, shame is the result of group standards. Therefore, shame, unlike guilt, is felt only in the context of other people.

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[1] R. Boyd & P. J. Richerson, "Culture and the evolution of human cooperation," *Proc. Roy. Soc. Lond. B* 364: 3281-88 (2009).

The first hominids could keep track of cooperation and defection only by firsthand observation. Many animals use visual observations to decide whether to work with others. Reef fish in the Red Sea, for instance, watch wrasses clean other reef fish, to determine whether or not they're cooperative, as biologist Redouan Bshary discovered. Bshary went scuba diving off Egypt's coast to observe this symbiotic relationship. Bluestreak cleaner wrasses (*Labroides dimidiatus)* eat parasites, along with dead or infected tissue, off reef fishes in more than 2,000 interactions a day, each of which can be considered an act of cooperation. Wrasses are tempted to eat more than just the parasites, but if the reef fish loses too much flesh in the deal, it will refuse to continue working with the wrasse. Reef fish approach wrasses that they see cooperating with their current clients and avoid the wrasses they see biting off more than they should chew.[2]

Like the Bluestreak cleaner wrasses, humans are also more cooperative when they sense they are being watched. Researchers at the University of Newcastle upon Tyne examined the effect of a pair of eyes on payments for tea and coffee to an honesty box. Alternating images of flowers and human faces were posted above the box in the university coffee room each week for ten weeks; researchers found that people paid nearly three times as much for their drinks in weeks during which they were exposed to the human gaze.[3]

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[2] R. Bshary, "Biting cleaner fish use altruism to deceive image-scoring client reef fish," *Proc. Roy. Soc. Lond. B* 269: 2087-93 (2002).

The feeling of being watched enhances cooperation and so does the ability to watch others. To try to know what others are doing is a fundamental part of being human. So is fitting in. The more collectivist the human society, the more important it is to conform and the more prominent the role of shame.[4] Shame serves as a warning to adhere to group standards or be prepared for peer punishment. Many individualistic societies, however, have migrated away from peer punishment toward a third-party penal system, such as a hired police force, formal contracts, or trial by jury. Shame has become less relevant in societies where taking the law into one's own hands is viewed as a breach of civility.

Perhaps this is why it makes us uncomfortable to contemplate shaming people: Shame invites the public in on the punishment. Consider the scaffolds, scab lists during union strikes, or Nathaniel Hawthorne's *The Scarlet Letter*. Or the proposal made by prominent conservative William F. Buckley Jr. in 1986 to tattoo people with AIDS. These instances of shaming now seem an affront to individual liberty. Getting rid of shaming seems like a pretty good thing, especially in regulating individual behavior that does not harm others. In eschewing public shaming, society has begun to rely more heavily on individual feelings of guilt to enhance cooperation.

Guilt prevails in many social dilemmas, including one area of my own research: overfishing. At the root of the problem of overfishing is the human appetite. Wild fish catches are declining, and many of us seek to avoid the guilt brought on by eating unsustainable seafood.

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[3] M. Bateson, D. Nettle, & G. Roberts, "Cues of being watched enhance cooperation in a real-world setting," *Biol. Lett.* 2:3, 412-14 (2006).
[4] D. M. T. Fessler, "Shame in two cultures: Implications for evolutionary approaches," *Jour. Cogn. & Culture* 4, 2 (2004).

Here are just a few recent headlines from major newspapers: "HOLY MACKEREL AND OTHER GUILT-FREE FISH" (*New York Times*), "GUILT-FREE SUSHI" (*Christian Science Monitor*), "COD AND CHIPS? MAKE IT POLLOCK IN GUILT-FREE GUIDE TO SEAFOOD" (*The Times* of London), and "A GOOD APPETITE; SEAFOOD, EASY AND GUILT-FREE" (*New York Times*).

It is perhaps unsurprising that a set of tools has emerged to assuage this guilt and, in the case of seafood, reform the appetite.[5] These tools aim to divert demand from one type of seafood toward another. Wallet cards, iPhone apps, and eco-labels tell consumers which fish ought to be and ought not to be eaten. Shoppers in Europe have been given rulers, so that they can measure fish and avoid buying juveniles.

Guilt abounds in many situations where conservation is an issue, not just in the response to overfishing. Harried by guilt, one mother reuses her daughter's bathwater for her own bath. Los Angeles shoppers refuse to buy blueberries imported from Chile, because of the fuel consumed in shipping them. Another woman feels guilty about the natural habitat lost to cocoa cultivation and refuses to buy chocolate, prompting her husband to say that she took the joy out of his Almond Joy.[6] Just as the devout purchased guilt-alleviating papal indulgences in the Middle Ages, guilt-ridden consumers today buy carbon offsets, LED light bulbs, and hybrid cars and can be guided to something approaching sanctimony by books like *The Virtuous Consumer, The Rough Guide to Shopping with a Conscience,* and *The Eco Chick Guide to Life: How to Be Fabulously Green*.

The problem is that environmental guilt, while it may well lead to conspicuous ecomarkets, does not seem to elicit conspicuous results. One supermarket chain introduced signs at the fish counter to show the most and least sustainable seafood: Sales of the green-tagged

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[5] J. Jacquet, et al., "Conserving wild fish in a sea of market based efforts," *Oryx* 44:1, 45-56 (2010).
[6] C. Crawford, "Green with Worry," *San Francisco Magazine,* February 2008.

"best choice" fish increased an average of 29 percent per week, sales of yellow-tagged "proceed with caution" seafood declined an average of 27 percent per week, but the sales of the red-tagged "worst choice" seafood—i.e., the heavily overfished species—remained the same.[7] Between 1980 and 2008, sales of pesticides increased 36 percent in the state of California, the birthing ground of the organic food eco-label.[8] Despite sporadic instances of such measures as car-pooling and use of cloth grocery bags in lieu of plastic-or-paper, the demand for oil in the U.S. has grown 30 percent overall and 5 percent per capita since 1990.[9] The positive effect of idealistic consumers does exist, but it is masked by the growing demand and numbers of other consumers.

Guilt is a valuable emotion, but it is felt by individuals and therefore motivates only individuals. Another drawback is that guilt is triggered by an existing value within an individual. If the value does not exist, there is no guilt and hence no action (e.g., sales for red "worst choice" seafood remained the same). What if the aim were to promote a value felt by the group but not necessarily by every individual in the group? Many problems, like most concerning the environment, are group problems. Perhaps to solve these problems we need a group emotion. Maybe we need shame.

Shaming, as noted, is unwelcome in regulating personal conduct that does not harm others. But what about shaming conduct that does harm others? The U.S. National Sex Offender Registry provides an online database with the names, photographs, and addresses of sex offenders in every state. In March 2010, Nebraska lawmakers approved a bill that allows the state to publish online the names and addresses of people owing more than $20,000 in taxes. Judges in various states issue shaming punishments, such as sentencing pickpockets and robbers to carry picket signs that announce their crimes to the public. These instances of shaming might deter bad behavior, but critics like Martha Nussbaum, a political philosopher at the University of Chicago, argue that shaming by the state conflicts with the law's obligation to protect citizens from insults to their dignity.[10]

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[7] E. Hallstein & S. B. Villas-Boas, "Are consumers color blind? An empirical investigation of a traffic light advisory for sustainable seafood," http://www.escholarship.org/uc/item/29v6w5sp#page-11 (2009)
[8] Based on data available from the California Department of Pesticide Regulation.
[9] This is calculated from DOE statistics. U.S. oil consumption in 1990 was 17 million barrels per day and 22.2 million barrels per day in 2010.

What if government is not involved in the shaming? A neighborhood in Leicester, England, has a YouTube channel dedicated to neighborhood issues, including catching "litter louts." A collection of videos shows individuals caught in various acts of littering, and if someone recognizes the litter lout, he or she can e-mail the lout's identity to the neighborhood management board, which they pass on to City Council so that fines can be issued and the video removed. In 2008, the *Santa Fe Reporter* published the names and addresses of the top ten water-using households in the city (first place went to a homeowner who used twenty-one times the household average). The tennis club near my apartment in Vancouver, B.C. publishes the names of people who do not pay their dues. In each of these cases, the activity of the individual compromises the community. In none of them is the state involved in the shaming. Is this a fair use of shaming? Is it effective?

Let's deal with the latter question. Shaming might work to change behavior in these cases, but in a world of urgent, large-scale problems, changing individual behavior is insignificant. Small changes, adopted by one individual at a time, can make a difference in a problem only when the problem is small or there is lots of time to solve it (for instance, in marginalizing politically incorrect words). Many of today's social movements, like the industries they seek to revolutionize, must make big changes quickly—which is best accomplished by directing efforts upward toward institutions. I call this vertical agitation. The *Santa Fe Reporte*r listed the top ten commercial water users, in addition to the top ten households. The first of these offenders, the city of Santa Fe, used 195 times more water than the number-one household offender. Imagine the relative difference in getting the city to commit to water-saving techniques as compared to reforming a single household.

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[10] M. Nussbaum, *Hiding from Humanity: Disgust, Shame, and the Law* (Princeton. NJ: Princeton University Press, 2004).

Guilt cannot work at the institutional level, since it is evoked by individual scruples, which vary widely. But shame is not evoked by scruples alone; since it's a public sentiment, it also affects reputation, which is important to an institution. At the 2004 meeting of the World Economic Forum in Davos, Switzerland, leading CEOs issued a press release about how corporate brand reputation outranked financial performance as the most important measure of success. For an example of how shame and reputation interact, consider restaurant hygiene cards, introduced in 1998 by Los Angeles County as a shaming technique in the interests of public health. Restaurants were required to display grade cards that corresponded to their most recent government hygiene inspection. The large grade in the window—A, B, or C—honors restaurants that value cleanliness most and shames those that value it least. The grade cards have apparently led to increased customer sensitivity to restaurant hygiene, a 20-percent decrease in county-wide hospitalizations for food-borne illnesses, and better hygiene scores for county restaurants.[11]

Recall that in our early evolution we could gauge cooperation only first-hand. As group size got bigger, and ancient humans grappled with issues of necessary cooperation, the human brain became better able to keep track of all the rules and all the people. The need to accommodate the increasing number of social connections and monitor one another could be, according to the social grooming hypothesis put forward by British anthropologist Robin Dunbar, why we learned to speak.[12] Then, 5,000 years ago, another tool: writing. Language, both oral and written, allowed for gossip, a vector for social information. Research carried out by Ralf Sommerfeld of the Max-Planck Institute for Evolutionary Biology and his colleagues demonstrated that in cooperation games that allowed players to gossip about one another's performance, positive gossip resulted in higher cooperation. Of even greater interest, gossip affected the players' perceptions of others even when they had access to firsthand information.[13]

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[11] Zhe, G. and P. Leslie. 2005. The case in support of restaurant hygiene grade cards. Choices 20(2): 97-102. http://www.stanford.edu/~pleslie/Jin%20and%20Leslie%20Choices%202005.pdf

Human society today is so big that its dimensions have outgrown our brains. We have an increasing number of people and norms. What tool could help us gossip in a group this size? Nowadays we keep track of and distribute unprecedented amounts of information via our computers: for example, citizens, journalists, and interest groups can access the U.S. Environmental Protection Agency's Toxics Release Inventory database online to identify and shame polluters. Between the database's inception in 1988 and 1995, releases of 330 toxic chemicals on the list have declined by 45 percent.[14] After the retailer Trader Joe's was unresponsive to requests by the nonprofit group Greenpeace to stop selling unsustainable seafood, Greenpeace coordinated singing fish telephone calls or demonstrations at every Trader Joe's across the nation using the Internet. The Trader Joe's CEO decided to comply with Greenpeace demands by dropping several overfished species and agreeing to source all seafood from sustainable sources by the end of 2012.

We can use computers to simulate some of the intimacy of tribal life, but we need humans to evoke the shame that leads to cooperation. In addition, the emergence of new tools—language, writing, the Internet—cannot completely replace the eyes. Face to face interactions, such as those outside of Trader Joe's stores, are still the most impressive form of dissent.

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[12] See esp. his Grooming, Gossip and the Evolution of Language (Cambridge, MA: Harvard University Press, 1997).
[13] R. H. Sommerfeld, et al., "Gossip as an alternative for direct observation in games of indirect reciprocity," *Proc. Nat. Acad. Sci.* 104:44, 17435-40 (2007).
[14] Fung, A. & D. O'Rourke. 2000. Reinventing environmental regulation from the grassroots up: Explaining and expanding the success of the Toxics Release Inventory. Environmental Management 25(2):115-127.

So what is stopping shame from catalyzing social change? I see three main drawbacks:

(1.) *Today's world is rife with ephemeral, or "one-off," interactions.* When you know you are unlikely to run into the same situation again, there is less incentive to change your behavior. Research shows, however, that if people know they will interact again, cooperation improves.[15] Shame works better if the potential for future interaction is high. In a world of one-off interactions, we can try to compensate for anonymity with an image score, such as the hygiene grade cards or EBay's seller ratings, which sends a signal to the group about an individual or an institution's degree of cooperation.

(2.) *Today's world allows for amorphous identities*. Recall the reef fish that observe Bluestreak cleaner wrasses in the Red Sea. The wrasses seem to know they are being watched, and certain wrasses will build their reputation on the small reef fish, allowing the big reef fish to observe their cooperative behavior with the small fry. Then, when the big fish comes in for its own cleaning, these wrasses eat some of the big reef fish's flesh along with its parasites, fattening themselves on their defection. To add to the confusion on the reef, False cleanerfish (*Aspidontus taeniatus*) make their living by looking very similar to the Bluestreak cleaner wrasses. They are able to approach reef fish under the guise of cooperation and then bite off pieces of fish flesh and swim off.

Many of our interactions these days are similar to the fish cleanings in the Red Sea. It's hard to keep track of who cooperates and who doesn't, especially if it's institutions you're monitoring. Enron, which in 2001 filed one of the largest bankruptcies in U.S. history, hid billions of dollars in debt in hundreds of shell firms, which bought poorly performing Enron stocks so that Enron could create a fraudulent company profile and mislead its auditors. Lehman Brothers, in the years before its 2008 collapse, used a smaller firm called Hudson Castle (of which it owned 25 percent) to shift risky investments off its books so that Hudson Castle, not Lehman Brothers, could absorb "headline risk." Which leads us to shaming's third weakness.

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[15] M. Milinski, D. Semmann, & H. Krambeck, "Reputation helps solve the 'tragedy of the commons,' " *Nature* 415, 424-26 (2002).

(3.) *Shaming's biggest drawback is its insufficiency.* Some people have no shame. In the research my colleagues and I have conducted on first-year students, involving games that require cooperation, we have found that shame does not encourage cooperation among those players who are least cooperative. This suggests that a certain fraction of a given population will always behave shamelessly, like the False cleanerfish, if the payoff is high enough. The banks may have gone bankrupt, but the bankers got their bonuses. There was even speculation that publishing individual banker bonuses would lead to banker jealousy, not shame.

My colleagues and I conclude that ultimately shame is not enough to catalyze major social change. Slavery did not end because abolitionists shamed slave owners into freeing their slaves. Child labor did not stop because factories were shamed into forbidding children to work. Destruction of the ozone layer did not slow because industries were ashamed to manufacture products that contained chlorofluorocarbons. This is why punishment remains imperative. Even if shaming were enough to bring the behavior of most people into line, governments need a system of punishment to protect the group from the least cooperative players.

Finally, consider who belongs to the group. Today we are faced with the additional challenge of balancing human interests and the interests of nonhuman life. How can we encourage cooperation between all living things when the nonhumans have no voice? Successful species will likely be those that recognize, implicitly or explicitly, life's interdependency. If humans are to succeed as a species, our collective shame over destroying other life-forms should grow in proportion to our understanding of their various ecological roles. Maybe the same attention to one another that promoted our own evolutionary success will keep us from failing the other species in life's fabric and, in the end, ourselves.

Teaching Minds

How Cognitive Science Can Save Our Schools

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For Milo (who can now read this) and for Max, Mira, and Jonah

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Preface

My father always told me that I would be a teacher. He didn't mean it in a nice way. My father talked in riddles. As the only child in the house, I had plenty of time and opportunity to figure out what he was really saying. This was it: I am afraid that like me, the best you will be able to do in life is to be a civil service worker. He was also saying: If he had realized he was going to be a civil service worker, at least he could have been a teacher, which he might have enjoyed. He wasn't really talking about me at all.

I never had any intention of being a teacher. I didn't particularly like school and later, when I became a professor, the part of the job I disliked the most was the teaching. One might wonder how I wound up being a professor if I disliked teaching, and one might wonder why I am writing a book about teaching if I dislike teaching. One also might wonder whether I still dislike teaching. Yes. And no. It depends on what one means by teaching, which is, after all, what this book is about.

The other day my 3-year-old grandson Milo told me he was going to teach me how to throw rocks. It seemed an odd idea. What could he mean by this? To Milo, "teach" means to tell someone what to do and how to do it and then have the person do it too. Teach is part of tell plus imitate for Milo. Milo is 3. It is not too surprising that this is what teach means to him. It is a little surprising that he thinks he should be his grandfather's teacher, but that is another issue. But it is really no shock that Milo thinks this is what teach means. It is what nearly everyone thinks teach means. The commonly accepted usage of teach is tell and then have the person who was told, do what he was told. This certainly is not what teach ought to mean, or more important, is not what good teaching is. And, every good teacher knows this. The problem is that the system that employs teachers doesn't know it and more or less insists that Milo's definition be the one that is followed.

Actually, I am being too generous here. Milo's view, namely, that after he tells me, I will do what he has said, is a better definition of teaching than the one actually employed commonly today. Milo at least thinks that the end result will be the student doing something that the teacher did. In school, teach usually means helping the student to know something that the teacher told him. Milo doesn't know about that definition of teaching yet since he hasn't been to school, but, unfortunately, he soon will.

I have been thinking about teaching for more than 50 years. First I thought about it when my father said that was what I was going to be. Then I thought about it as I watched my teachers teach me and, no less important, watched my father teach me.

My father eventually retired from his civil service job and became a junior high school teacher in Harlem. He loved his new job and, I have to assume, became a good teacher. I say it that way because he was certainly not a good teacher for me, at least not when he thought he was trying to teach me. I remember him trying to teach me algebra and it making no sense to me whatever. I remember him teaching me sports and I mostly think of him as being totally frustrated with my inability to perform as well as he had hoped. (Being a jock was a big thing to my father.)

I did fine in algebra without his help and, in fact, became a math major in college. But, as I look back at it, my father was my first and best teacher. Why do I say this after all the bad things I have just said? Because my father was at his best when he wasn't teaching but was just saying what was on his mind and arguing. He often talked about history because he liked history. And when he talked about history and I asked questions, he became a good Socratic teacher. He forced me to think and question in our discussions. The conversations were often very heated but also were a highlight of my intellectual life at that time. My father didn't teach me anything except how to think. That's better than algebra, actually. For this I am grateful.

So, I thought about teaching then and I thought about it again when I went to college. As part of my father's conversations with me about life, he talked a great deal about his own experiences. His mother sent him to New York City to live with his aunt in Brooklyn and to go to college. He was 15 and had, until that time, spent his entire life on a farm/hotel run by his parents in upstate New York. He was unprepared for the city, had no money, missed his family, and had no idea why he wanted to go to college at all. Did I mention that he was 15? He had graduated first in his class (a class of 16, I think) and had skipped a few grades on the way. Suddenly he found himself at New York University, which in those days was located in the Bronx.

This is what he remembered most about college in 1923: Apart from the poverty stories, the "how hard he had to work to support himself" stories, the stories about watching the Yankees from the elevated train and wishing he could go to a game, he remembered that teachers lectured, that you had to memorize what they told you and then tell it back to them on a test. He thought college was stupid, but he assured me (in 1960) that college surely had changed by now and that teachers wouldn't still be doing this. Oh yeah? In 1962, when I entered college, they were doing exactly that. And, in 2000, when I retired from 32 years of professoring, not that much had changed.

So I was thinking about teaching before I got to college and I was thinking about it while I was a professor and I am thinking about it now that I have, for the most part, finished teaching. To make sure I have been thinking about it correctly, I asked former Ph.D. students of mine, (now tenured professors mostly and some industry executives) what they had learned from me while they were spending 4–7 years studying with me. I thought their answers might help me think about teaching in a new way. I sent an e-mail to maybe 20 former students whose e-mail addresses I happened to have, and most responded. Here are some excerpts.

> 1. I remember quite specifically a homework presentation I made in your class. When I presented it in class, I was a junior in college, and all the other students in that class were grad students. When I was done you smiled at everyone (a rare event) and said, "Anyone care to follow that act?" Your clearly heartfelt endorsement of my little research product was a key moment in my coming to trust my own ideas. I just submitted a $16.7 million proposal to NIH that would create the first all-computational genome center. The kind of chutzpah embodied in that proposal is one consequence of my experience with you.
>
> 2. The way you assigned me to a project—you sent me to each existing project for 2 weeks until I hit on a project with a good fit (I was enthusiastic and coherent talking about it). I used this technique when I was assigning people at Accenture.

> 3. You taught me to teach by telling students stories that are meaningful to you. I think to be a real teacher you have to let yourself be vulnerable. So the students can see that you are a human with feelings and fears and goals. And then being able to say to the students: This is the way I do it; it fits who I am; it helps me be successful; and don't let anyone tell you that you can't do something.
>
> 4. You taught me that not everyone will like you no matter what you do and no matter how hard you try. I came back from a Deloitte course evaluation, and the deans just hated me. Instead of being upset with me, you assured me that you have to just say what you believe, and some people won't like you, and oh well.
>
> 5. You taught me to start by collecting data. I recall watching most of your papers start by collection of data. I recall watching your criticisms of work that was just abstraction on abstraction, with no data at its roots.
>
> 6. You once told me to imagine that my mother was my audience—if I could explain it to my mother, I could explain it to anyone. Incredibly, this seems to work for every audience out there. So I've passed that tip along to my students and it seems to work for them too.
>
> 7. I remember that you used to tell us we need to be excited to get up and go to work in the morning, that that was the most important thing. For some people, it's because of the people you will be with. For some, it is because of the passion about whatever it is. But, in general, I still give people that advice (and it is advice I've also been giving my own kids). You have to love what you are doing.

This is just a sample but it reflects what these former students, now all in their 40s and 50s, remember about what I taught them. Hadn't they learned any facts from me? Didn't I teach them some real stuff? Some said in passing that they had learned the actual content of the subjects I taught as well, but that that wasn't as important to them as the things they chose to write about. Why not?

There are two important answers to this question and those answers are what this book is really about. My father offered these same answers to me, not explicitly by any means, when I thought about the good and bad of having him as my teacher. When he tried to teach me facts, I learned nothing much. When he engaged my mind, I learned a lot. As a professor I never forgot this lesson. I rarely tried to teach facts, upsetting many a student along the way. I just argued with them, or encouraged them. I never told them much, except maybe some good stories.

So here are the answers:

The first is:

Teaching isn't what outsiders to the profession think it is.

The profession I am referring to here is, of course, the teaching profession.

The second is:

Learning isn't what outsiders to the profession think it is.

In this case, the profession I am referring to is not teaching at all.

Let's start with teaching.

A professor friend of mine once asked her class what they thought a professor's biggest fear was while teaching a class. They all agreed it was not knowing the answer to a question a student might ask. When she told this story to a group of professors, they all laughed out loud.

Why am I telling this story? Because a student's view of teaching varies greatly from a teacher's view. No teacher worries about not knowing the right answer to something a student will ask. You can always fake it (say—*What do you think?* or, *Class, can you help here?*) if you think it is important, but answers don't matter very much. Teachers are not supposed to be encyclopedias. They are supposed to be something else. The question is: *What?*

My students' responses above give a hint. Teachers are supposed to be people who help students find their interests in life, think about how to make decisions, understand how to approach a problem, or otherwise live sensibly. Teachers are never shocked to be asked to provide personal or professional advice to a student having a problem—any problem. If one takes one's job seriously, teaching means being available to help. But this important advisory job is confused by lesson plans, and class hours, and lectures, none of which matter very much.

Why do I say that these things don't matter very much? This is the essence of what this book is about—the move from content-based instruction to cognitive-based learning, assisted by good teaching. This means we will have to define this "new" kind of learning (it's not really new, of course, just new to schools) and the "new" kind of teaching that is a natural consequence of using this new learning method.

Most teachers understand and appreciate that delivering the required material is not their real job, at least it is not the reason they signed on in the first place. The employers of teachers, on the other hand—administrators, governments, department heads, and so on—expect certain material to be covered. Exciting students is not on their worry list. This is a big problem for teachers and for students, and one that we will address here.

But my more serious concern is our conception of learning, not teaching. Teaching follows one's conception of learning so getting learning right is of prime importance. When I said earlier that outsiders to the learning profession wouldn't get the real point, I was being ironic. There is no learning profession. Why not?

In 1989, I moved from Yale to Northwestern to establish a new institute, funded by Andersen Consulting, devoted to issues of changing training and education by the use of new technologies. I needed a name for the institute and came up with The Institute for the Learning Sciences. I made up the term *learning sciences*. There was no such field in academia. Most people thought I meant we were planning to work on how people learned science. The only academic fields that "studied" learning were psychology and education. Psychology, being an experimental field, allows faculty to work only on experiments about learning that provide data in a controlled environment. Education faculty study how schools work and very rarely think about learning outside of the school context or in a way different from the paradigm already extant in schools. I wanted to create a learning profession. In 1989, there certainly didn't seem to be one.

Today this is less true. Cognitive science, a field I also had a big part in creating, has become more important in the academic world. Training, and e-learning, the first new field to come about as a result of our work at my new institute (for better or for worse, I am not too fond of most e-learning work) have become more important to think about within the academic context, in part because online courses are seen as potential revenue producers.

So, while there is still no learning profession per se, there is much interest in what learning is about. This book is meant to address the issue of what learning really is, in or out of school, and to answer the question: How does learning really work? The questions that follow from the answer to that question are:

- What kinds of learning situations occur naturally?
- How can we focus education (and training and e-learning) on those types of situations in a new paradigm?
- What would teaching look like in this new paradigm?
- If what we know about how learning works is antithetical to how school works, then what can we do?

Answering these questions is one goal of this book.

Another goal of this book is to think seriously about what it means to teach. Typically, we look at teaching in precisely the way that our system forces us to look at it. There are subjects and there are experts, and experts talk about their subjects to students who listen to what they have to say. This idea is not only archaic—it is wrong. In the history of humankind, teaching could never have looked this way.

Until recently, teaching always meant apprenticeship. We are set up to be apprentices, to learn by doing with help from a mentor. We have done this since the beginning of time. When learning became academic in nature, when students were expected to become scholars, all this changed—and it didn't change for the better. Teaching started to mean talking, and talking is a terrible way to teach. People aren't really that good at listening, after all. Small children don't listen to their parents. They may copy their parents. They can be corrected by their parents. They may be impeded from doing something by their parents. But listen? Not really. We listen in order to be entertained, not in order to learn.

This lack of understanding about what learning really is like, and what teaching must be like in order to be useful, has caused us to set up school in a way that really does not work very well. When students complain about school, when politicians say school isn't working, we understand that there is a problem. But we don't understand what the problem is. We think we can fix schools by making them more friendly, or safer, or paying teachers better, or having students have more say, or obsessing about test scores, but none of this is the case.

The problem with schools lies in our conception of the role of school. We see school as a place to study academics, to become a scholar, when in fact very few students actually want to become scholars or study academics.

As a society we have gotten caught up in a conception of school from the late 1800s that has failed to change in any significant way, despite the fact that universal education has made the system unstable. Universities dominate the discussion, and everyone listens to what academics have to say because they don't see the alternative or know whom else to listen to. But, if we understand how learning actually works, and how teaching actually should work, the alternative becomes much clearer.

It is establishing that clarity that is my goal in this book.

CHAPTER 1

Cognitive Process-Based Education

> Education is an admirable thing, but it is well to remember from time to time that nothing that is worth knowing can be taught.
>
> —Oscar Wilde

Learning begins with a goal. However, when we think about education and school, we often forget this. Someone, somewhere, decides that a student must learn about Napoleon, but fails to ask how such learning might conform to a goal that the student consciously holds. We don't forget this when we try to teach a child to walk or talk, because we know that the child does want to learn to do these things. When we teach a child to hit a baseball, we usually determine beforehand that the child wants to learn to do this. But, we forget this simple idea of goal-directed learning as soon as we design curricula for schools. Who cares if the child wants to learn long division? Make the child learn it. It is very important. Full speed ahead!

Somewhere along the way, many students get lost. They may get lost in high school, or in college, or in job training. But somewhere they learn to shut off their natural learning instincts, the ones that drive them to improve because they really want to accomplish something. Instead they try hard to do what they were told to do—they study, they pass tests, and eventually their love of learning is gone. The feedback that they previously have gotten from accomplishing a real goal, one that they truly had held, has been replaced by pleasing the teacher, or getting a good grade, or progress in their goal of getting into a "good college."

Designers (and teachers) of courses must contend with this truth: The students that you have may not want to learn what it is that you want to teach.

What to do?

First, we must establish whether students can learn whatever it is that you want to teach. I always wanted to teach my daughter to throw a ball properly. She threw a football astonishingly well at the age of 6. But, she never got it about how to throw a softball. I don't know why. She just couldn't learn to do it right. She can't do math either. Believe me, I tried.

Second, we must determine whether what you want to teach can be taught. Not everything can be taught. It is hard to learn to be a nice guy if you are inclined to be nasty. You can learn to be nicer, or at least to fake it, perhaps, but certain things are hard to learn after a certain age. You can teach a 2-year-old to be nice—a 22-year-old is another story.

Third, we must figure out what method of learning actually would teach what we want to teach. This is an important question that is made more important, in part, by the fact that the learning methods available in schools tend to be of a certain type. The things that schools desire to teach are of a type that conforms to the available methodologies for teaching. Content that lies outside the range of the currently available methodologies typically is not considered something worth teaching.

Fourth, we must decide whether a selected learning methodology actually will work, given the time constraints and abilities of the students, and other constraints that actually exist. This is, of course, the real problem in education. It is easy to say that students would learn better if they had real experiences to draw upon. This isn't that hard to figure out. What is hard is implementing this idea within the time constraints of the school day and the other demands of the school year.

Fifth, we must determine a way that will make what you want to teach fit more closely with real-life goals that your students actually may have. By real-life goals I mean things like walking and talking (and later driving). Why is it that teachers, or more accurately school systems and governments, want to teach things that are not in accord with a student's real interest? While we argue about how best to teach algebra, no one ever asks what to do if a student doesn't want to learn algebra. The question is so weird; the possibility that you could skip algebra because it doesn't interest you is so remote that we don't even think about this in any way. What is the real cause of this problem? Why can't we just let students learn what interests them? Are the people who run schools simply out of touch with how learning really works or how actual students behave when faced with something they don't want to learn, or is something else more complex going on?

I will summarize these five issues as follows:

ABILITY
POSSIBILITY
METHODOLOGY
CONSTRAINTS
GOAL ALIGNMENT

School is subject-based and, further, those subjects are predefined and agreed upon by those in charge. Without giving a history of how this state of affairs came to be,[1] or why it is an issue, it is first necessary to note that it is the case. I say this because when we were students in school, we accepted the fact that school was the way it was, and we assumed that it was the way it was supposed to be. We may not think each subject we learn is valuable or interesting, and perhaps we long to learn different subjects, but never do we hear people suggest that there shouldn't be subjects in school at all. This is a very difficult idea to swallow. There have always been subjects. What else would there be? What would it mean to not have subjects?

Answering this question is the aim of this book. We need to understand what goes on in schools and what might be preferable. The issue really is not schooling at all. The real issue is how learning actually takes place in the human mind.

Ask a student how he is doing in school and he will tell you the subjects he likes. *I like English but I am bad at math*, he might say. This is such a normal sentiment among students that we never think about how weird a sentiment it really is. We don't ask: *How are you doing at life?* We could ask that of a teenager and she might say: *I am good at dating but bad at driving.*

But, actually, you would never hear teenagers say something like that. This is weird because, in general, dating and driving are much more important subjects in a teenager's world than English and math. But they don't talk about whether they are good at it or bad at it in the same way.

They continue to practice and get better at those things because they care about them. Saying, *I am bad at math,* means, in essence, *. . . and I don't care and have stopped trying because I don't see the point.* Saying, *I am good at English*, typically means, *I am getting a good grade in English.* This state of affairs defines the main problem in education:

> There are subjects that are school subjects and there are subjects that are life subjects and teenagers can tell the difference. They work harder at the life subjects.

And, what is the difference between these two kinds of subjects? Goals. It is as simple as that.

Instead of simply saying what is wrong with schools and what teenagers are really like in school, I want to take a different tack.

Some teenagers wake up in the morning wanting to learn history or algebra but they are a very small minority of the school population. There is no minority, however, when it comes to dating or driving for teenagers. They all want to do these things. So the question I want to ask is:

> Are there other things that all teenagers want to do and are those things connected in some way with learning?

Or, to put this another way, if school had been designed around something other than subjects, what would it have been designed around? Driving and dating, which we know are winners in a teenager's world, could be seen as subjects, or they could be seen as instances of something else, and that something else might be something important to learn.

Students everywhere might want to learn whatever that is and they would work hard to learn it. If we can turn the question around in that way, maybe we can design better learning situations for everybody.

So, the question is:

> What are driving and dating instances of, with respect to learning?

Or, to address this from the cognitive science point of view:

> What is it that students are doing when they learn to drive and date that they might be getting better at while doing those things?

Can we view whatever it is they are getting better at as an example of the kinds of things we should want to teach and that students should want to learn? Answering these questions will allow us to look at education in a new way. We need to think about how people actually learn, regardless of the subject, in order to address them.

Let's think about dating, then. I was never any good at it as a kid. I know how the non-cool guys feel. But, later on, much later on, I got very good at it. So, I must have learned something. What?

What was I bad at as a kid? Meeting girls, for one thing. Other kids could do it easily. I always needed to be fixed up.

Talking to girls, for another. I hardly knew any girls. I went to an all-boys high school. I was 16 when I went to college and the other freshmen were 18, so that didn't help either. In other words, I had no confidence.

But mostly, I had no idea what to say to a girl. What did they talk about?

And, one more thing. I really didn't get the point. I didn't know why one wanted to go out with girls anyway. I mean I eventually got the idea, at least I think I did.

Why am I saying it this way? I am trying to get an insight into the learning process and I am a fine example. I didn't know how to do it and then I did. I didn't get the point and then I did, sort of. So I must have learned something between the ages of 16 and 60. What?

Here are some things I learned:

- Human relationships are important, but they aren't easy to establish or maintain. They require work.
- The work involves, among other things, learning how to listen and respond to the needs of another human being. It involves subjugating one's own interests from time to time for the interests of another.
- Girls, and later women, feel good. Being with someone who loves you feels good. Learning to love feels good. More than feeling good, these things are critical for staying alive. This is not so obvious when you are surrounded by love from your family. But eventually you are alone, and alone is not so much fun.

As this is not a chapter on love, I will stop there. Suffice it to say that I learned how to meet girls, how to gain their interest, and how to form relationships with them. I also learned why I wanted to do that.

Now let's see what we have learned about learning from my little diversion into teenage angst.

We have learned that learning about how other people behave is very important.
We have learned that learning about one's own emotions and feelings is very important.
We have learned that building confidence is very important.
We have learned that learning to listen is very important.
We also have learned that learning how to express oneself is very important.

Now let's go back to discussing learning.

Why is it that teenagers are more interested in thinking about dating than they are in thinking about algebra? Why is it that they don't rate themselves on their success in dating in the same way as they do when they are discussing how they are doing in science?

What do teenagers know about learning that their school doesn't know?

This is it:

> Teenagers know that the issues I have mentioned above will be important for them for the rest of their lives in a large variety of arenas, not just dating.

No matter what they do in life they will need to form relationships, assess their own abilities, gain confidence through practice, learn to listen, learn to love, try things out and see how well they work, and learn why they do what they do. To put this another way:

> Dating is way more important than algebra and every teenager knows it.

Dating is much more important not because teenagers have raging hormones and they crave sex, as this phenomenon often is described. It is important because what they learn while dating serves them in many areas in life and relates strongly to who they will be and how well their lives will go.

Algebra relates to none of this and they know that too.

So, let me ask a simple question:

> If we must have subjects in school, why wouldn't dating be rated as way more important than mathematics?

The answer to this is simple enough. School was not designed to help kids live better lives. That was never the point. But shouldn't it be?[2]

From a cognitive growth point of view, school wasn't even designed to teach us things that relate to learning per se.

Scholars designed the subject matter of the current school system. You hear sportscasters describe football players as *scholar-athletes*. Really? Scholars? Why would that be what we are seeking to create? There are only so many jobs for scholars, and while scholarship is very nice, it ought not be the goal we seek in school in a system of universal education.

Yes, but dating? Is that the subject I am proposing? Really?

Let me explain the real issue here. Take a look at the items I mentioned above.

We have learned that learning about how other people behave is very important.
We have learned that learning about one's own emotions and feelings is very important.
We have learned that building confidence is very important.
We have learned that learning to listen is very important.
We also have learned that learning how to express oneself is very important.

Now, I will transform these slightly:

Students need to learn about how other people behave and why, and they need to learn how to interact with different kinds of people.
Students need to learn about their own emotions and feelings and how to deal with them.
Students need to learn how to rely on themselves and feel confident in their own abilities.
Students need to learn how to listen to others and really hear what they are saying.
Students need to learn how to express themselves effectively.

Now this list doesn't seem so crazy, does it? In fact, most parents will tell you that they try very hard to teach all these things to their children. So one argument might be that the school doesn't have to do it, since parents do it.

Another argument might be that if the schools worked on these issues, they would have students memorize the 12 principles for building self-confidence and learn to express themselves by analyzing classics in world literature.

Here is the key point:

> These issues, the ones that could be learned from dating, transcend all aspects of our lives.

And, more important, students know this. I started with the idea that learning begins with a goal. The points I listed above are goals that teenagers actually have. They would not have to be talked into those goals. Moreover those goals are, as all students know anyway, way more important than algebra. They aren't interested in becoming scholars.

Now let's consider the cognitive science behind this. Everything we do as human beings is goal-directed. We go for a walk for a reason, we shower for a reason, we get a job for a reason, we talk to people we meet for a reason. We pursue goals as soon as we are born. We try hard to learn to walk, talk, get along with our family, get our needs satisfied, and find out what we like and what we don't like. We do this from birth. If school related to the goals that children actually had, that they were working on at the very moment that they entered school, school would seem like a natural and helpful experience. Students wouldn't stress about satisfying their teachers any more than they stressed about satisfying their parents when they were learning to walk and talk. Yes, they want to please their parents, but that is not exactly the same thing.

People know what their goals are and they know when something they are being offered, a parasailing lesson or a pomegranate, for example, doesn't fit with their goals. They can be convinced to try out a new activity that they believe will not satisfy any of their goals, but for the most part it is difficult to convince them that weird things that were not on their goal list actually should be on the list. We say things to students like, "You will need this later." But this is usually a boldfaced lie. You don't need algebra later. Making up nonsense convinces nobody.

There is a more important issue here. Later on in this book I will detail the 12 kinds of learning that make up what it means to learn. If you get good at learning these things, you get good at what life has to offer. The list above is a partial list of the group of learning processes that I detail in Chapter 4. It is really quite important. I have used dating as a simple way of explaining it because no one has to explain why that matters to a teenager. Teenagers know that they have to learn the processes that I discuss in Chapter 4. As things are now, these important issues are not considered significant enough to deal with seriously in school. World history is always considered more important. But why should that be the choice?

Earlier, I mentioned that students want to learn how to drive as well as how to date. This is a pretty universal goal that teenagers have so we should ask of it as well whether it is important and what it might be an instance of that is inherently significant in real life.

On the surface, driving seems a skill that is an important part of daily life. So, one is led to ask why driving isn't a school subject? The answer is that it is. Driver's education has been taught in schools for many years. Not every school offers it, but many do. So what is the problem? It is just a useful skill, not a scholarly subject, so surely I am not suggesting that it is more important than physics. That is, of course, exactly what I am suggesting.

In our test-driven society, when driver's ed is taught, it is taught with a clear goal and a clear notion of success. When a student has passed the tests and gotten her driver's license, everyone is satisfied.

Well, not everyone. I was once called in on a consulting assignment for a university hospital that was working on a study to prevent teenage car accidents. The study was funded by an insurance company that would have been happy to pay out less in damages and, presumably, also thought fewer dead kids would be a generally good thing. What is the problem?

Students may have their licenses but they don't know much about driving and responsibility. It wouldn't be a shock to anyone to know that kids drink and drive, text message and drive, and generally yell and scream and goof around while driving. They often die from this behavior. Could we teach them not to do that? The answer always seems to be to put up posters that say don't drink and drive and to make them watch scary movies about car accidents. The school system strikes again.

If we tell them, then they will do it, never seems to work, but we keep trying.

I often have used the Department of Motor Vehicles (the DMV) as an example of the best there is in testing. They have two tests. Dumb multiple choice questions that make no sense and a real test that tests to see whether you can drive. Schools typically don't have the real test at all, one that tests to see whether you actually can do something, so the DMV at least is smarter than the school system.

But the real issue is something else entirely. Driving is an instance of a piece of very complex behavior that exemplifies one of the ways in which we learn. Perhaps more important, driving entails a great deal of other things, which could be learned and should be learned.

A simple example of this is car mechanics. Once upon a time schools taught kids to fix cars as well as to drive them. Perhaps they still do. But vocational subjects like that have been relegated to the back burner of education so that more testable subjects can be taught. Also, cars have gotten more difficult to fix. This is too bad, because if car mechanics were required instead of physics, students actually might learn science.

What do I mean by this?

When we hear an outcry about the nation's need to make children learn science, no one ever asks why. The standard answer, if this is ever asked, is that science is important in tomorrow's world or some such nonsense. Push harder and you might get some remarks along the lines that soon all the scientists will be Indian and Chinese, which may be the real fear of those who push science in the United States. To address this question properly, one has to ask what exactly is meant by "science."

Imagine that you are a student working on fixing a car in a car mechanics class. As I write this I am imagining a scene from the musical *Grease*, which was set in the 1950s when there actually were cars to work on in school. I never got to work on a car because I went to a science high school where such a thing would be looked down upon. So when I graduated from high school and drove to college and my car broke down, I hadn't the slightest idea what to do. I wish I could tell you that at least I understood the physics of the engine but I didn't. I just knew F = MA and other stuff that wasn't going to help me fix my engine.

Now let me ask you, how is fixing one's car engine like fixing one's air conditioning or plumbing? The answer to this question has embodied within it what it means to do science. When science means learning facts about science, we are talking about useless information that is readily forgotten after the test. I have no idea why anyone learns to balance chemical equations or apply physics formulas or learns about biology classifications in high school. None of this is of any use to most adults. (It is easy to test, however.)

When the stuff that is being taught does not relate to the inherent goals of the students, it will be forgotten. You can count on it. Why this stuff is taught is simply that it derives from a conception of science prevalent in the 1890s that has not been modified since. It is defended by people as a way to produce more scientists, which makes no sense since it probably deters more students from entering science than it encourages.

Scientific reasoning, on the other hand, *is* worth teaching.

Why?

Because car mechanics, plumbers, doctors, and crime investigators, to name four random professions, all do scientific reasoning on a daily basis. As a society we anoint only doctors with the glory of doing actual scientific reasoning. The other professions get less glamorous interpretations. But they are all doing the same stuff. This is what they are doing:

> They are taking a look at evidence and trying to determine the probable causes of the conditions that they have found.

To do this one must know what causes what in the real world, which is science; what counts as evidence of known conditions, which is science; and previous cases that are similar and that any good scientist must know. So while we may not think of a plumber as doing scientific reasoning, that is exactly what he is doing.

Science is about creating hypotheses and gathering evidence to support or refute those hypotheses. Children are natural scientists. They often try stuff out—skipping rocks on the water or dropping stones from the roof or lighting things on fire—to see what happens. But there is more to science than trying stuff out. One must seek explanations and make sure those explanations are correct. Knowing what constitutes a correct explanation is really the essence of what scientific knowledge is about. But notice that there are correct explanations for hypotheses in plumbing as well as in medicine and that these explanations exist for repairing a faulty engine and for understanding who committed a crime. It is all scientific reasoning.

The difference between plumbing and medicine is in the complexity of the science. Not a lot of invention goes on in plumbing and there aren't all that many explanations to choose from. The degree of difficulty in understanding what is going on and why is what separates those fields and makes one science and one not. But the basic thought processes are the same.

This is important to notice because all these areas of inquiry are what we might call diagnostic.

So, and this is the important part, the real issue from a cognitive science point of view is not in teaching science per se, but in teaching scientific activities, one of which is *diagnosis*. And, since diagnosis is a similar process no matter what you are diagnosing, it makes sense that all through school, diagnosis would be a subject, and not physics or literature. The things that children are asked to diagnose might start with things little kids like, like finding out what is wrong with their pets or their toys, and then move on to things bigger kids like, like cars and crime, and then move on to large issues, like why a business has failed or why our foreign policy doesn't work.

Diagnosis matters a great deal in our lives, yet it is not a subject in school. This is not surprising because the origins of the school subject areas, as I have said, are scholarly. But if we want to teach children to do things that matter and we want to retain their interest because they know intrinsically that these things do matter, then we must have them practice diagnosis all through their school lives, in a variety of venues that correlate with their interests. They don't all have to diagnose the same stuff. It is the diagnostic process itself that matters, not what is diagnosed.

I have been using the word *subject* for an idea like diagnosis but it is not a subject and should not be seen that way. I have been using the word only to contrast it to existing subjects in school. Diagnosis is a fundamental cognitive activity. Cavemen did diagnosis. They may not have done it well, but they did it well enough to continue the species. The diagnostic process is as old as people. Knowing why, being able to prove a hypothesis, is a fundamental cognitive process.

School needs to be organized around fundamental cognitive activities. It would be easy to demean what I have said here by saying

I want to teach kids to date and drive better. What kind of school is that?

But this trivializes the point. I do want to teach students to date and drive better. But these are just a few instantiations of general cognitive processes. Forming human relationships and figuring out what is going in the physical world are two of many very important cognitive abilities that manifest themselves in myriad ways in real life.

A properly designed school system needs to focus on cognitive abilities, not scholarly subjects. Kids will recognize instantly that these activities are the ones they know how to do and that they need to get better at. If we allow them to choose what areas of knowledge they would like to focus on while learning these skills, they would be attentive and interested students. No more ADHD. Poof!

A society that organized schools around cognitive abilities would become one where people were used to thinking about what they did and how and why they did it. They would not find school stressful or boring.

This wouldn't be a bad thing.

CHAPTER 2

Teaching Kids to Walk and Talk

> Failure is instructive. The person who really thinks learns quite as much from his failures as from his successes.
>
> —John Dewey

Teaching is a serious issue. Teachers matter. Or at least they should matter. But we have the sense that it is the job of the teacher to tell us stuff. Students expect it and teachers do it. Often, teachers get criticized if they do anything else. And, this is pretty much the beginning and the end of the problem with teaching. We force teachers to teach wrong.

I am beyond the age where I have little kids that I have to teach how to walk and talk. But when I did, I don't remember preparing any lesson plans. In a cognitive process-based model of education, all teaching looks like the teaching you do when you teach your children to walk and talk.

Lately I have been personally interested in being taught. This is because at the age of 55 I started to play softball in an old guys' softball league in Florida. I discovered I wasn't really very good. This was a bit surprising since I had played in the university softball leagues while I was a professor and had stopped playing only in my 40s. I wasn't a bad player then. There hadn't been that long a hiatus. And, I was playing against people a good deal older than myself since I am rather young as recent Florida transplants go. I used to be a good hitter and I wasn't now. The reason was easy enough to understand. In the university leagues they play fast pitch. A batter has a second or so to decide about swinging. It is all instinct. At least it was after having played for 40 some odd years.

But, in Florida, old guys play slow pitch. The pitcher throws the ball in a high looping arc and it is a strike if it lands on the plate. Quite a different experience from trying to hit a ball that is zinging by your head. Should be easier, no? Not for me. It took a bit of thinking to figure out why.

I analyzed how I was swinging, when I was swinging, and what kinds of pitches I was swinging at, and I came to many different conclusions. I realized I needed to wait longer before I swung. I realized I had to stop swinging at inside pitches (the ones that almost hit you). I realized that I had to stop swinging at pitches that looked good but yet dropped in front of my feet. I realized I had to see the ball hit the "sweet spot" on the bat. I realized I needed to change my whole approach to hitting, in fact.

OK. I realized a lot. I had come to many conclusions. Now what? Just do it, right? Aha. Not so simple.

You can't just do what you know you should do. Why not? Because your subconscious isn't listening to what you have to say. This is why you don't tell a little kid how to walk and talk. Apart from the fact that he wouldn't understand you anyway, even if he could understand you, the part of his mind that would be doing the understanding is the conscious part. Cognitive process-based teaching teaches nonconscious processes a good deal of the time.

A child learns a lot more from falling down than he ever will learn from hearing Mom say, "Watch your step."

We are wired to learn from failure. Those who don't learn from failure typically die young. We are descended from people who learned not to eat certain poisonous plants, and not to travel in a way that would expose them to danger, and to stay near their mates, and to protect their offspring. Those who didn't do these things, those who didn't learn from their own failures and from the failures of others, didn't get to have surviving offspring. The human race exists precisely because it is capable of learning from failure, both individually and collectively.

Did you ever wonder why what you learned in school isn't still in your head, or why you can't remember what your wife wanted you to get from the store on your way home? Or, why the things you have decided to do to improve your business or make more money or be a better person actually don't ever get executed? The answer is simple: You can't learn by listening—not from teachers, not from your wife, not from helpful suggestions from wise people, and not even from yourself.

Why not? Because it is your subconscious that is in charge of executing daily activities—from swinging a bat, to driving home, to talking to people you want to make an impression on, to getting along with your wife. Your conscious mind can make decisions, but your subconscious pretty well does what it is in the habit of doing. The subconscious is a habit-driven processor.

Bad habits, as they say, are hard to break. Actually, all habits, good or bad, are hard to break. A new swing is really hard to develop, as is a new way of selling, or a new way of treating people, or driving a new route home.

This is the real use of education: the creation of new habits. This can be done in only one way. The subconscious learns in only one way.

The subconscious learns by repeated practice.

The only teaching that can work, then, is the kind of mentoring that helps someone execute better while they are practicing.

How is a high school football coach different from a high school history teacher?

Before we attempt to answer this question, we need to consider why it is an important question to consider. In general, I think most people would agree that the behavior of these two types of teachers is likely to be quite different. In our mind's eye, we see images of yelling and crude behavior versus refined lecture and discussion. But let's get beyond the superficial stereotypes and think about what they teach rather than their style of teaching it.

The history teacher at his worst teaches facts, and at his best teaches careful analysis of sources of facts.

The football coach at his worst teaches that someone could never possibly do something, and at his best coaches someone to do something better.

The history teacher teaches the conscious. The football coach teaches the subconscious.

This makes sense if we view education (in school) as a conscious affair. It certainly seems to be a conscious affair. We discuss history, we don't do history. And, it makes sense in football since the coach doesn't need players who can discuss football—he needs players who can execute.

It begins to make less sense when we consider how the conscious and the subconscious interact.

As long as we see ourselves as rational beings who can think logically and make carefully reasoned decisions about our daily lives, then education indeed should be about the promotion of reasoned deliberation and the gaining of knowledge that will enhance our ability to reason. But suppose this conception we have of ourselves and our ability to reason logically is simply wrong?

Our entire education system depends on this debate. Actually the word *debate* is really not right here as there is no debate. The other side, the side that says we need to teach our unconscious because our conscious isn't capable of listening, has not really been expressed directly very often. It is, however, indirectly referred to often enough.

Plato comments:

> The most important part of education is right training in the nursery. The soul of the child in his play should be guided to the love of that sort of excellence in which when he grows up to manhood he will have to be perfected.

Why should this be the case? Why should it be in the nursery where real training takes place? And, what kind of training could the nursery provide—the kind of the football coach or the kind of the history teacher? And, what can we learn about education by considering seriously what Plato said?

The principles of learning in childhood are rather simple really. The first and most important part of an analysis of early childhood learning is an understanding of where the motivation comes from. If learning starts with a goal, as we have said, one question is, What goals do children have and how do they happen to have them?

When people mention motivation, the word *reward* often is added into the discussion. What kinds of rewards do children receive and to what extent are these involved in learning? Bear in mind that there are three kinds of rewards: intrinsic, extrinsic, and systemic. If it makes me happy, I don't need you to tell me I did well. If the activity doesn't really matter to me (an algebra test, for example), I will need some outside reward to even try. When do kids learn because of the use of external rewards? If I do well on an algebra test, it might be that it gives me intrinsic happiness to know I did well at algebra. As a math-oriented kid, I did get that kind of reward. It also makes you happy when your parents are proud of you. And it makes you happy when your grades win you admission into Yale or get you something else you might want. Which types of rewards figure into early childhood learning and what can we learn from this about learning? And, what will this tell us about teaching?

Let's start with walking and talking.

Walking and talking are intrinsically rewarding. No kid needs encouragement to do either. They do have to be discouraged from crying when a word will serve them better. *I want milk* works better than *wah*. But they learn this quite naturally without very much parental help. They learn to walk when their parents hold their hands and cheer when they succeed, but they would have learned to walk anyway.

The parents' role as the teachers of their children can be seen very clearly when we consider walking and talking. Kids can learn to do either without much help, but they do these things quicker and better with parental help. Children who are spoken to by their parents, and listened to and corrected when they make an error, learn to speak well and more clearly as adults. While everyone learns to walk, parental care prevents falls when steps and other hazards present themselves.

So, is the parent teaching the child? What does the parent actually know about how to teach walking and talking? Actually the parent knows quite a bit about teaching. We are wired to teach our children and help them. All higher level animals do this as well. It is not a particularly conscious process.

So, at what point are children better taught by professional teachers instead of their parents? This is an important and interesting question.

A professional teacher is better than a parent if and only if the teacher knows more about what is being taught than the parent does. Teachers may take education courses and that may seem to qualify them to teach, but really those courses are not so much about the art of teaching per se. Teachers learn to teach by teaching, like anyone else learns how to do anything. But teachers learn to teach in the system they find themselves in. This means that typically they learn how to manage classrooms and deal with administrators and handle various issues that are very specific to school.

Teaching outside of school usually does not entail managing multiple children nor should it entail dealing with state standards and other governmental interference (although that often happens anyway).

So, knowledge is the real issue in teaching, not teaching skill. Or so it would seem.

Actually this idea is clearly wrong if one thinks about university teaching. Professors become professors by writing a Ph.D. thesis, not by learning anything about teaching. They may have some teaching experience prior to becoming professors because they may have taught an introductory course or two as graduate students, but nobody teaches them how to teach. In fact, professors are not qualified to teach since they know nothing about teaching. They are hired by universities because of their research credentials, and teaching doesn't matter much. There is some lip service about the subject but no one ever got hired at Yale as a professor because she was a great teacher who did no research.

Here is a professor of computer science from a very highly ranked Big Ten university (he does not want his name mentioned):

> Every faculty member in the Department of Computer Science at my university thinks that their small insignificant area is important enough that all undergraduates must take a course in it. When you add all those courses up there is simply no time for a student to do anything other than take crazy courses in subdisciplines represented by the faculty in the department. Everybody's course is a sacred cow. If you tried to put something new in, something would have to come out, and no faculty member wants his course to be eliminated.

Professors are not there because they are good teachers.

I certainly knew nothing about teaching when I became a professor at Stanford many years ago. But I hated seeing students bored and miserable and started to think about what the problem was and how I could fix it. Many professors do exactly this. They want to be good at something they do regularly and their pride makes them into good teachers. Not all professors do this, by any means. What does it mean to become a good teacher in that context?

Professors are rated for their teaching ability. It is clear if one looks at those ratings what the criteria are from the students' perspective. They rate the friendliness, fairness, enthusiasm, and even the "hotness" of their teachers. These ratings have been studied extensively and conclusions like this one are typical:

> While student evaluations of faculty performance are a valid measure of student satisfaction with instruction, they are not by themselves a valid measure of teaching effectiveness. If student evaluations of faculty are included in the evaluation process of faculty members, then they should represent only one of many measures that are used.[1]

Professors and universities are very concerned about the evaluations of the teaching of the faculty and these days websites (like www.ratemyprofessors.com) make a very public show of how badly received some professors are. The professors are concerned with how they appear and whether they are liked and how all this might affect their salaries. They are not concerned with teaching effectiveness because they are not really teachers in their own minds.

Let's hear from an Ivy League professor (who also doesn't want to be named):

> There are faculty here who study real-world phenomena and don't know how to apply that knowledge to their own lives. We could teach students here how to make use of what we teach in their own lives, we just don't. Right now the approach that is taken makes most of the information that professors impart useless. It doesn't have to be that way.
>
> My colleagues here don't even do what they are studying when they are out of the lab. They are not successful people in life. If someone studying memory had to remember something, would they make use of their own data? I doubt it. Many of our professors don't realize that they may not know as much as they think they know. All these people assume that whatever they do is the best that can be done.

When a child learns to walk, you cannot say you were very good at teaching her to walk. She would have learned to walk without your help, most likely. When you teach a child to play baseball, you can more easily say that you were a good teacher, but really who knows you didn't screw him up with nonsense that it may take him years to undo? I was taught to step into the pitch in baseball and years later learned that what I was taught was wrong.

College professors can be evaluated on effectiveness only if someone knows what that means. Does it mean how well students do on exams? We can make easier exams then. Does it mean how many of them get into Ph.D. programs at Harvard or how many get good jobs upon graduation? That likely has nothing to do with the effectiveness of the professors.

There are no measures that make sense, for a very simple reason. College teaching doesn't make much sense in the first place. Lecturing and giving grades is certainly not a paradigm that any parent would use. You don't grade your child on speaking ability; you help her speak better. If it takes longer to do that, then it does. Even the DMV doesn't care about effective teaching. It doesn't give grades, just licenses. *Can you do it well?* is the question the DMV is charged with answering. But *can you do it well?* isn't a meaningful question in the top universities because there is typically nothing, other than research, that anyone is really being taught to do.

This leaves us in a quandary when it comes to understanding what it means to teach well. Here is the Ivy League professor again:

> People need to learn to generalize the information that they are given. They need to learn how to think about content in order to see how that content may or may not be true for them. We do not do that here. Instead we teach that this is the way it is done.
>
> We have kids at mediocre universities who don't know the facts and then we have kids at the good schools who know the facts but very few who know that those facts are not necessarily true. We need a different approach to knowledge than we currently have. By having students memorize the facts, it makes it seem as if the facts are truer than they actually are. We need to teach students to attack the facts and not to replace them with other facts.
>
> If facts are taught here in this way, and we are setting the standard, then we have a problem. Some faculty here actually do teach in this way, but it is not the main culture. Even the hard-core facts, like dates, are arguable. Students are not taught to use the information they have to question other information.

If we are teaching something where there are no performance measures, then effectiveness cannot be gauged. If the performance measurement is based on an exam, this likely would not reflect on the teacher's ability at all. Some students do well on exams and others don't, even though they all hear exactly the same lectures. And, when there are performance measures, it is not always clear that it was the teacher who was in any way responsible for the success of the students (or their failure).

So what is effective teaching?

If a teacher is better at teaching a child than a parent is, it must be because the teacher knows something the parent doesn't know or, at least, doesn't know how to teach. This makes the teacher more effective than the parent, but for very uninteresting reasons. You can't teach what you don't know, of course.

But knowledge alone is meaningless because teaching is not about the transfer of knowledge. I realize that a great many people think that this *is* what teaching is about; except if that were the issue, students wouldn't even think about rating their teachers on anything except how much they knew. And, by the way, that is about the last thing teachers are ever rated on.

For the most part, teachers are rated by students on how entertaining they are. But entertainment and teaching are really not particularly related. They are not unrelated because you can't get through to someone who has tuned you out. But you can entertain your students and get great ratings and still teach them nothing.

Here is the Big Ten professor again:

> At a big state university, which one would think has an obligation to supply training to the students of that state in a major field in which students can readily find employment, the faculty could care less about that and they only want to do graduate teaching. We teach courses that are modeled after courses in the professor training schools like Harvard and MIT. But how many professors do we need?
>
> Superstars who bring a lot of funding are very important in the university. The superstar system made sense when there were superstars. But today how many of these superstars have really big ideas? Does my school really have any superstars at all? I don't think so.
>
> The School of Education, where I am also on the faculty, has a research focus, which they do badly. Most of their students plan to be teachers. But they teach them the literature and not how to teach. It is the same situation as in computer science. They really want their students to become professors of education. They are not teaching teachers to teach because they don't care about that. They look down their noses at teacher preparation schools. Ninety-eight percent of their undergraduates

> want to become teachers but the faculty are focusing on their graduate students. They don't teach the teachers. They do it, but it is not their focus.
>
> The average professor of education here understands that he is supposed to teach teachers to teach but he gets evaluated on his research not on the quality of teachers who come out. It is a research university. How many dollars do you bring in? How much do you publish? Where would quality of teacher training fit in that model?

So, again, what exactly is effective teaching? Let's look at two of the longer versions of what my former Ph.D. students and former employees wrote to me when I asked about good teaching. These stories each need some context in order to be understood, and then I will comment.

The first story is from a Ph.D. student of mine who then continued to work with me for 30 more years.

> You were collecting key things teachers needed to know to do story curricula properly. Your contribution was "know when to lie to students." That triggered all kinds of discussion, pro and con, leading eventually to a longer, more explicit statement about knowing when to oversimplify, etc.
>
> Reflecting on it later, I realized that "know when to lie to students" was the right way to say it. The rephrased version was too reasonable. It didn't trigger any emotional reaction and re-evaluation. "Know when to lie" is a lie, but that's the point.

Why is this story important? I placed it here because it reflects an important belief that I hold about teaching. At the moment to which he is referring, we were writing, as a group, a set of guidelines on how to teach Socratically using the online curricula we were building for high schools. We were, in essence, writing an instruction manual for teachers on how to teach in a new way. When I supervise very smart people who know perfectly well how to do things, I deliberately provoke them. I believe that my job is to make them think. There is no better way to make people think than by annoying them in a way that makes them defend their point of view, especially when their point of view may not have been well thought out.

It is important, when teaching Socratically, which is my preferred methodology, to make students question their beliefs. No one is a better teacher than a teacher who makes students wonder whether he has been wrong about something.

Do I think that teachers should lie to students?

I think teachers should make students think harder than they might have been capable of doing without the teachers. I also think that teachers should not tell answers to students. Students do not learn from memorizing answers. They learn from developing questions for themselves that they then can begin to find answers to.

> I believe that effective teaching makes . . .
>
> students develop questions to which they then will seek answers
> students look for answers from people other than the teacher
> students confused and less certain than they were before

Now, I realize that these are pretty nonstandard ideas. That is, of course, the point.

This next writer worked for me (after getting his Ph.D. elsewhere) in the academic world and later in the business world.

> Probably the most important lesson I learned from you was the value of overstatement and oversimplification in communicating ideas and getting people's attention. I recently retired and was roasted at my retirement party by a group of longtime employees and there were some interesting anecdotes about what I'd taught them about selling their ideas through management. Software engineers are often uncomfortable making a point without giving every possible nuance, caveat, and detail. This typically causes management's eyes to gloss over and their ideas never get a fair hearing. So, I've (apparently relentlessly) encouraged employees to make their points quickly and to use overstatement and oversimplification as rhetorical devices. I'm still wincing over the roasts that portrayed my predilection for interrupting presenters and asking, "What's your point?"—I learned that one from you.

I most certainly taught the lessons this writer describes. I hated it when students couldn't get to the point and I frequently interrupted them when they were speaking. In business, I make a point of saying things that are very simple, which tends to upset people. I find this a good way to start a conversation that addresses complex issues.

Of course, I never actually say any of this. I simply do it. The real issue in teaching, by parents or by teachers or by anyone else, is the model you present to the students. That model is presented by what they see you do and how they see you act. They can choose to emulate you or not. But a good teacher makes students think about how to behave and about what works and what doesn't.

I believe that effective teaching makes . . .

students think about how the teacher is behaving and causes the students to wonder about whether copying this behavior would be a good idea
students think about what works and what doesn't in the adult world

This next writer is a professor at a major university. I hired him to be on the faculty at Yale, which was his first academic job.

> I teach by telling stories that are meaningful to me. I let them see who I am and how I live. I let them see what is important to me and why. To be a real teacher you have to let yourself be vulnerable. The student needs to see that you are a human with feelings and fears and goals. You are saying to students: This is the way I do it; it fits with who I am; it helps me be successful; and don't let anyone tell you that you can't do something. Everyone wants to control you, but in the end, you have to be you, for better or worse. So, don't let anyone tell you that you can't do something.
>
> I tell that story over and over and over again in different ways. About my research, about my company, about my family. I walk the talk.
>
> And, the students have to see that there are consequences of breaking the rules; that it costs; and the costs can be high

> at times. But that's part of the price of believing in yourself. Sometimes you get hurt and then you have to pick yourself up and try it again.

This writer was writing about his teaching. I behave this way as well, and he knows it.

> I believe that effective teaching makes . . .
>
> students think about the stories the teacher tells
> students believe that their teacher is not a phony, so they can take what is said seriously
> students think about what it means to put oneself on the line for one's own beliefs

The next writer worked for me as a writer for many years. Her main career was, and is, as a concert musician.

> My high school English teacher was a great teacher. He was married to the Singer sewing machine heiress but committed to teaching kids. He had us keep a writing journal and was just excellent at helping me understand what was so personal to me that others wouldn't be able to connect (or perhaps just plain sappy romantic drivel!) and what was "strong" and pertinent to everyone. I still have the journal and wince at what I wrote but still really admire his comments in the margins.

In the future, in a world where online learning begins to preempt classroom teaching, mentoring will replace lecturing. Many teachers know how to mentor but often they are not given the opportunity or don't take the time to do it. The teacher described above was a personal writing mentor, which is about the only way you can teach someone to write.

> I believe that effective teaching makes . . .
>
> students look more carefully at the work that they themselves have produced
> students believe that their teacher is their personal mentor

Here is the same woman, this time writing about how she learned music.

> My mentor, Otto-Werner Mueller, was conducting the Yale Philharmonia in the 1970s—I met him as an undergrad in Madison, WI. I attended his graduate seminars in Madison and spent a lot of time with him while he was in New Haven. He guest-conducted the Hartford Symphony (where I now work) twice in the past few years. (He is 83 now.) I spent hours and hours in "lab orchestra" watching him teach his conducting students, both in Madison and at Yale. What always struck me was how students were either so self-conscious they were wooden, or how they'd try to imitate Otto (who at 6 feet, 7 inches had amazing stature) physically and couldn't pull it off. Very few were able to incorporate what he was teaching and then make it their own.

> I believe that effective teaching makes . . .

> students look at what the teacher does and see how they can
> imitate it in a way that is consonant with who they are

The next writer was a Ph.D. student of mine and is now a professor at a major university.

> Trust your intuitions. This was something you told many of us over and over. It has had three meanings for me—first, that the only right things to work on are those that I can imagine a solution to; second, that whether a way of attacking something is the right way or not, it will lead me to the right way; and third, go out on a limb. I can't say how I learned this except, perhaps, through trusting your advice and then noticing that it got me to success over and over again. It began to really sink in when I had my own students. Often, the most interesting things they brought to me were more intuitive than they were based on what everyone else was saying. And I have had to reassure people that their ideas are good and they should follow up on them. Of course, there are also intuitions that my students have that I don't think are good, and I don't advise them to follow

> up on those. So I think I now believe in trusting intuitions that someone I trust can also see value in, and for my students, trust intuitions that someone they trust can also see value in.

I believe that effective teaching makes . . .

students trust their own intuitions
students trust their teacher's advice

The final two are a little different from the others. I included them because teaching is not always implicit, as the above stories indicate, but sometimes explicit. The next writer was student of mine who is now high up in a large corporation.

> You taught me that you always start by collecting data—so basic, but so often overlooked. I recall watching most of your papers start by collection of data. I recall watching your criticisms of work that was just abstraction on abstraction, with no data at its roots. For the work I'm currently doing, I have a log of all the types of entities (typically business or government enterprises), interactions (typically business models or sustainability models), and outcomes. I just gave five talks last week and used the method of "start by collecting data" when introducing my work and when being a critical thinker about the work of others that was being presented to me.

This point is about how to do real research does not apply to everyone. But a more general form of this advice is to start at the beginning, which is usually useful advice. Knowing where the beginning is can be complicated, however.

I believe that effective teaching makes . . .

students understand how to begin a process
students understand what you tell if you constantly demonstrate
    the value of what you tell them

This writer was another of my Ph.D. students who is now a professor at a major university.

> You taught me about the important role of explicit social hierarchies in a learning environment. At Yale the hierarchy was very clear and everyone knew exactly where they stood. You pay your dues before you join the club and academia is chock full of clubs. You taught this by both example and explanation. Seeing a good clear example of a social hierarchy that works (such as the one we had in our lab at Yale) gave me one level of understanding, but I had to see what happens when the hierarchy is not so obvious to truly appreciate the importance of the whole concept. Any longstanding community will have a social hierarchy, but it's not always so obvious (especially when the community likes to pretend it doesn't exist), and that makes it really hard on newcomers. I've seen some really stellar junior faculty get into difficult tenure decisions because no one was guiding them politically (or else they just blew it off). And more recently I've been running into more and more students with "entitlement issues" who just don't seem to buy into any social hierarchies. There is a lot of social commentary on why this is happening and how the workplace needs to adjust to a whole generation of kids who always got trophies.
>
> I believe that effective teaching makes . . .
>
> students understand where they fit in the world in which they live
> students understand how to get ahead in the world in which they live
> students understand the roles of those around them

There is certainly a great deal more that one could say about effective teaching. Unfortunately, much has been written on effective teaching that is not particularly helpful. Mostly it is politically correct advice that is quite difficult to implement. Here are two lists that I found. The first is from Learning to Teach in Higher Education. 1

1: Interest and explanation
2: Concern and respect for students and student learning
3: Appropriate assessment and feedback

4: Clear goals and intellectual challenge
5: Independence, control, and active engagement
6: Learning from students

The second is from a Michigan State website and was taken from a book by Arthur W. Chickering and Zelda F. Gamson entitled *Seven Principles for Good Practice in Undergraduate Education.*[2]

Principle 1: Good practice encourages student–faculty contact
Principle 2: Good practice encourages cooperation among students
Principle 3: Good practice encourages active learning
Principle 4: Good practice gives prompt feedback
Principle 5: Good practice emphasizes time on task
Principle 6: Good practice communicates high expectations
Principle 7: Good practice respects diverse talents and ways of learning[3]

Whenever I see phrases like *diverse talents* or *ways of learning* or *active learning* or *active engagement* I am very distrustful of the advice being offered. *Active learning* should mean learning by doing, but it never does because learning by doing is very difficult to implement in the university context (which is where this advice comes from). It is easier to do it in 1st grade, but after a while the class has to sit still and listen and that is not active learning no matter what the teaching guides say. *Different learning styles* is usually a way of saying, "some people are dumber than others," which no one wants to say. What bothers me most about these kinds of lists is that they avoid saying what really needs to be said. It is nearly impossible to measure your success as an effective teacher because the performance expectations of students are almost always about test scores and very rarely about actual production.

With this idea in mind, that effective teaching means helping students do what it is they wanted to do and not what it is that you wanted them to do, I will list the suggestions I have been scattering about in this chapter. Bear in mind that this is not meant to be a complete list. I got this list the way you saw, by interpreting things written by students and former employees about their own experiences.

Effective teaching makes . . .

students develop questions to which they then will seek answers
students look for answers from people other than the teacher
students confused and less certain than they were before
students think about how the teacher is behaving and causes the students to wonder about whether copying this behavior would be a good idea
students think about what works and what doesn't in the adult world
students think about the stories the teacher tells
students believe that their teacher is not a phony, so they can take what is said seriously
students think about what it means to put oneself on the line for one's own beliefs
students look more carefully at the work that they themselves have produced
students believe that their teacher is their personal mentor
students look at what the teacher does and see how they can imitate it in a way that is consonant with who they are
students trust their own intuitions
students trust their teacher's advice
students understand how to begin a process
students understand what you tell if you constantly demonstrate the value of what you tell them
students understand where they fit in the world in which they live
students understand how to get ahead in the world in which they live
students understand the roles of those around them

Now, taking my own advice about starting with the data and then classifying it, let's look at these rules as a group. What exactly are they suggestions about? Broadly speaking, they fall into the following categories:

Helping students think:

students develop questions to which they then will seek answers
students look for answers from people other than the teacher

students are confused and less certain than they were before
students think about the stories the teacher tells

Helping students observe and copy good behavior:

students think about how the teacher is behaving and wonder about whether copying this behavior would be a good idea
students think about what works and what doesn't in the adult world
students look at what the teacher does and see how they can imitate it in a way that is consonant with who they are

Making students respect their advisors:

students believe that their teacher is not a phony, so they can take what is said seriously
students believe that their teacher is their personal mentor
students trust their teacher's advice
students understand what you tell if you constantly demonstrate the value of what you tell them

Teaching students how and when to take action:

students think about what it means to put oneself on the line for one's own beliefs
students understand how to begin a process

Teaching students to be good critics of their own work:

students look more carefully at the work that they themselves have produced
students trust their own intuitions

Teaching students their place in the world and how to succeed in that world:

students understand where they fit in the world in which they live
students understand how to get ahead in the world in which they live
students understand the roles of those around them

Effective teaching, then, means teaching these things:

How to be a critic
Whom to respect and copy
How to know where you fit
How to take action
How to think

The relevant question for a teacher, then, is: Does your teaching result in students who can do the five things listed above? There are many ways to get those things to happen for students. These, however, typically do not include lecturing, being entertaining, giving easy grades or easy tests, or marching students through boring exercises that teach them the truth.

Effective teaching is made much easier, of course, if what you are trying to teach is something worth learning. So, let's move on to discussing that.

CHAPTER 3

What Can't You Teach?

> Nothing in education is so astonishing as the amount of ignorance it accumulates in the form of inert facts.
>
> —Henry B. Adams

When children are born, they come with distinct personalities. Ask any mother of a second child. "It even behaved differently in the womb," she will say. One kid is aggressive while the other is contemplative. One kid is constantly talking while the other hardly says a word. One kid is shy while the other is outgoing.

Often, when we think about teaching and learning, we have the idea that if we want someone to do something, or know something, or behave in a certain way, all we have to do is teach it to them. So we teach kids to appreciate music, when they may have no interest in, or inclinations toward, music at all, or to act in the class play, when they are simply bad at acting, or to throw a baseball when they simply can't do it and don't care. Often, but not always, we are forgiving of the differences between people and their individual talents and we acknowledge that she is tone deaf, or he will always throw poorly, and we give up.

Small children are like sponges. They ask questions constantly and, if they have reasonable parents, get answers. The belief system that children adopt is usually quite similar to that of their parents. They don't decide to try out a different religion at age 5; they do what they have always known. They eat what they were fed and they like to go to places they have been taken. Parents influence every aspect of a child's belief system. Because of that, we have the sense that we can teach children anything, but this gets less true as they get older. The Jesuits have a saying about teaching a child before he is 7 and thus producing the man he will become. There is some truth to this. If you really learn honesty when you are 5, it is unlikely you will become a crook. Your subconscious wouldn't permit it.

Then, what is the role of the subconscious here? When a child is being taught at 3, he is not being taught consciously. He does not memorize rules for walking or talking and he does not learn anything very much by consciously trying to learn. Rather, a child absorbs by constantly practicing and then making that practice a part of who she is.

Later, when the subconscious attitudes about walking, talking, relating to others, family values, and all the rest, are well within the deep subconscious of the child, we begin the attempt to teach the child consciously. We worry when we hear, for example, that:

> About a quarter of teens questioned in the broad survey weren't able to correctly identify Adolph Hitler as Germany's chancellor during World War II. About 20 percent couldn't say whom America fought in that war.[1]

More than a quarter wrongly believed Columbus sailed to the New World after 1750. Half didn't know whom Senator Joseph McCarthy investigated. And a third had no clue the Bill of Rights is the source of freedoms of religion and speech. Nearly a third couldn't tell you who said in a famous speech: "Ask not what your country can do for you . . . ."

Until a child enters school, he has been learning things that are useful to him. He knows where his toys are and how to play with them; he knows how to get food; he knows how to get his parents to do what he wants (perhaps); he knows how to entertain himself. In short, he has learned what he has learned because he has found his new abilities to be of value.

And the history cited above? Of what value is it to know about Joe McCarthy? Not only is it of no value to a child, but what we know about McCarthy is slanted by whoever is writing the history and biased by whatever point the person is trying to make. It is all very well to tell students the truth about what happened in the past and assume that they will learn from it, and therefore not repeat it, but we can't easily know the truth and they are not likely to learn much from the telling anyhow.

Pundits scream and yell about what children don't know. The question is: Why do they need to know it? If the answer is that it makes the system happy that they know certain facts while not making the child in any way happier, we all can guess how well that is going to turn out.

The bottom line here is one of initial belief systems and fundamental personality characteristics, coupled with the notion of truly held goals. You cannot teach someone something that:

- does not help them achieve some goal they actually hold
- is not in line with their fundamental personality characteristics
- goes against their subconscious beliefs

You can try, but you won't succeed.

So the question of what you can't teach, which is very important when we think about teaching and learning, comes down to a question of whom the child has become because of what she learned prior to the age of 7, and what she was anyway when she exited the womb. Those two things are powerful enough even if you don't add in trying to teach something that in no way relates to any goal the child has.

This is even more true for adults, of course. We can try to teach adults things that are at odds with who they are as people, but good luck with that.

Traits may come with the child, or they may have been learned by the child prior to the age of 7, but it really makes no difference when we are discussing teaching. Personality cannot be changed. Core beliefs are very hard to change. Interests are hard to change, although new ones can be found. Clinical psychologists try to make small changes in these aspects of people but they have a very difficult time doing it.

But my point here is to address an issue in education and training that is not well understood. Simply stated it is this: *It is not possible to teach or train students to do things that are not in line with who they are as people.* This matters because much of what we try to teach in school and train for in companies is an attempt to alter behavior.

I have been building what have come to be called e-learning systems for about 25 years. Over the years, I have realized that there is nothing new under the sun in the subject matter that e-learning systems are asked to address. One of my least favorite subjects, one that comes up frequently, is integrity and compliance. I have been asked to work on this subject quite often. Usually what is being asked is impossible. Most e-learning companies simply do what they are asked to do by the client without pointing out—if they even know—that what they are being asked to teach can't be taught. Companies that need to train their employees in such things, because of some regulation or other, ask for it, and e-learning companies willingly build it.

Unfortunately, as my mother would have attested to, were she still around, I was born with off-the-scale honesty. I can't build e-learning I know won't work any more than I was able, when I was 5, to let my mother walk out of a store without paying (by mistake) without becoming hysterical.

So, now I am hysterical about fraudulent education and fraudulent e-learning—namely, courses that claim to teach subjects that alter the very nature of a person. Of course, such courses don't say that is what they are trying to do, but it is pretty much the basis of courses about safe driving or drugs or sexual behavior, or how not to violate the law.

How is training about compliance an attempt to alter basic behavior?

Recently I was presented with an opportunity to teach integrity and compliance to the employees of a large company that bids on RFPs. The bidding process is part of a legal process and the company wants its employees to stay within the guidelines.

Fair enough. Makes sense.

Except, when you look at the guidelines, they include an array of rules spelled out in a complex document, typically a signed legal contract for potential bidders. To know those rules, one would have to read the contract. In effect, the company wants to train people to read, and pay careful attention to, the contract. The company wants to do this by putting employees in fictitious situations in which someone has not read the contract and this failure to read causes serious difficulties for the company when the employee violates a rule he didn't know about.

Much of e-learning is like this. You are the manager of a large project, which needs to finish on time, and is over budget. Do you:

- steal money
- lie about the time you have spent
- tell the company it can keep the damn project
- carefully explain to your superiors the problems that exist and let them decide

Do people learn from stuff like this? Of course not. But everyone feels better after producing it. At least I assume they do.

If this stuff makes people happy, then build more of it, by all means. But if we want to address real issues, we need to discuss personality and how to deal with it.

I have insisted, as long as I have been discussing education,[2] that learning has to be experientially based. I proposed building complex social simulators 20 years ago, and this has come to be understood by the e-learning community as telling people they are in a situation that they may or may not relate to instead of actually putting them into a very realistic simulation of that situation. The reason they do it that way is money, of course, but something gets lost in the translation.

What is the difference?

Suppose that I tell you that you are a baseball player in the major leagues and your team is down by one run with one out in the bottom of the ninth with the bases loaded. I then give you a set of multiple choices about what to do on the first pitch (like, a—take the first pitch, b—look for a fast ball, etc.). What is the problem with this? There are right answers about what to do, but they depend on many variables (Do you know this pitcher's habits? How have you been hitting today? How fast is the guy on third?). Pretending that we can abstract a situation with a simple description and then suggest there is a right answer, is absurd. But more important, if you have never actually been in that situation, if you have never played baseball, your comprehension of the unmentioned details is likely to be zero. Attempting to teach anything through short descriptions of situations followed by multiple choice answers is just dumb.

Why, then, do e-learning companies keep on building courses that sound like that? Usually the answer is that corporations that don't know any better asked them to.

What does this have to do with altering basic behavior? I do indeed play baseball, as I have said, and what I would do in that situation depends on my personality in many ways. It also depends on an accurate assessment of my own abilities. What it doesn't depend on is deep thought. Professional athletes do not become professional athletes owing to their superior cognitive abilities. They have superior physical abilities and rely on instinct for thinking. They do what they "know" to do. They don't think it out. Coaches try like crazy to get them to think it out, but you often can find a 20-year professional veteran getting chewed out by his coach and being asked, What were you thinking? Nothing. He was thinking nothing. Correct action is rarely about thought, especially when little time for thinking is available.

So, then, how do we teach people to do the right thing, especially when the right thing is not in line with their normal behavior?

Can we teach nurturance, or aggression, or extroversion, or orderliness? I hope that it is obvious that we cannot do this. People are born with these characteristics. They are not learned. Ask any parents of more than one child. They will respond that their children had certain personality traits that were apparent from birth. My grandson Milo is a neatnik. Everything has to be in its place. Also, he loves to perform in front of an audience. His parents do not share and did not teach him these behaviors. The degree to which we have such traits defines our innate personalities. So, we need to translate this question into one we can answer.

The real issue is one of degree and not of kind. You will never teach someone who is fundamentally dishonest to be very honest, or vice versa. You will never teach someone who is very aggressive to be very passive. What you can do is make people aware of the consequences of their actions and hope to change their behavior slightly, when they have the time to think about what they are about to do. You can make people aware of their behavior, and their rational selves can direct what they do, if they have time to think about. But their subconscious is likely to want them to behave differently, and it is their subconscious that is usually in charge in a pinch.

Someone who hates details is not a good candidate for being taught to read contracts in detail. Similarly, someone who loves details is not a great candidate for sales rep. (Why? Because being very people-oriented is actually a characteristic that never goes hand in hand with being detail-oriented.) So, it is not uncommon for companies to be faced with the arduous task of training their salespeople to pay attention to detail. Telling them to hire differently is hopeless, because people who are both very detail-oriented and love engaging people socially do not exist. Accountants don't usually win personality contests. What to do?

This is indeed a job for teaching but not for teaching of the usual sort. To see what kind of job it is, we need to think for a moment about how the mind works. Specifically, we need to think about how the unconscious learns to make decisions.

If you have a character trait, say, honesty, you have had to come to grips over the years with its upside and its downside. People appreciate you for being honest, but not when they ask you if they look good after they have spent an hour dressing (I speak from experience here). People dislike dishonesty but not when it helps get a deal closed because you said you loved a restaurant that you really hated. We have mixed feelings about honesty, as we do about any personality characteristic. We like friendly people but we dislike overly friendly people. Who decides which is which is anybody's guess. Teenagers often try to be all things to all people, but as adults they soon realize that they simply will have to be themselves and they will try to find work and friends that suit the personalities that they happen to have.

Personality features are not conscious. We don't decide which ones to have and we may not even be aware of how others perceive us. We do what we feel comfortable doing and we push on. And then we meet integrity and compliance officers.

They tell us to read every detail of a contract to make sure we are in compliance, and those who are detail-oriented and fearful of making errors and introverted and sensitive do it without question, and those people who are gregarious and confident and aggressive figure they can get by without it. What is an integrity and compliance officer to do?

Here is what not to do:

- Don't try to tell people who naturally act one way to act differently.
- Don't make a movie of the idiot who did it wrong and say, See, look how dumb that guy was and look what trouble he got into.
- Don't lecture on the benefits of behaving the way the company wants you to behave.
- Don't write a manual with correct behavior that no one will read.
- Don't build an e-learning course with multiple choice answers where one of them is the right thing to do.

The mind is organized around experiences. We remember our experiences and we index our remembered experiences so that we can find them later. Individuals don't know how they do this, but cognitive science can tell something about how this process works. You can't find an experience that was indexed wrong, for example.

Good indexing involves figuring out the goal that an experience relates to and the conditions that allowed that goal to be achieved or not. We do not do this consciously. We learn by doing, that is, we learn from experience, and from thinking about those experiences. When we have understood our experiences well enough, we can (unconsciously) index them so that they will come up again just in time when we need them again. (This is what we call being reminded.) It is beyond the scope of this book to explain how that process works.[3] The simple idea is that experiences get labeled when we think about them and not otherwise.

So the real question for an integrity and compliance officer is how to get people to think about integrity and compliance issues. This thinking needs be done over time in a complex way and voluntarily. How might we do that?

That is the real question.

One answer to this is stories. People really like stories. As long as there have been people, there have been stories; we have moved from epic poems and theatre to novels and movies in recent years, but, by and large, the stories are the same. How to overcome obstacles to getting what you want, is a theme that dominates much of literature, for example. Movie makers say it as "boy meets girl, boy gets girl, boy loses girl, boy gets girl." There have been many books written about the basic plots that occur again and again in stories.

Human beings understand stories because stories resonate with them. Characters have dilemmas that readers or viewers themselves have had. Stories appeal to emotions rather than logic, and emotions are at the heart of our pre-7-year-old unconscious selves. We feel something because of a well-told story and that feeling can help us see something in a new way.

Why am I going on and on about stories? I believe that all of human intercourse is about the exchange of stories. (I wrote a book about this.[4]) If you want to appeal to the pre-7-year-old unconscious that resides in all of us, you need to hit emotion not logic. This means that a good story can help someone to reconsider deep down in their unconscious a feeling or attitude or seemingly immutable personality trait that they can feel perhaps is somewhat dysfunctional. Stories can change our natural instincts.

That story cannot be short and sweet. It takes a great deal of emotion and empathy to change a point of view in a belief system. Deciding to construct a 15-minute, e-learning module in which one plays the sales rep and learns that honesty is the best policy, is so absurd that I am sorry I am referring to it at all, except that is what was proposed by the integrity and compliance people to whom I was speaking.

You can move people ever so slightly by having them have emotional experiences that they can discuss with one another. Imagine a book club that deals with a book about dishonesty and causes people in the discussion group to talk about the subject. If the book presented deep dilemmas to which there were no obviously right answers, this would allow people to get to and discuss their unconscious beliefs. Simply articulating those beliefs can be quite helpful. This is what clinical psychologists are really trying to do, after all. It is also what literature professors are trying to get their classes to do. Thinking about and talking about complex emotional issues makes personality traits and core beliefs something you can think about consciously.

The real issue, in the end, is interests. Teaching works best when you teach students who agree that they really want to learn whatever it is you have to teach. This means making sure that students are preparing to do things that they want to do and actually will do. That makes teaching much easier for all involved. The one-size-fits-all curriculum doesn't work because one size doesn't fit all. Let detail-oriented people learn detailed kinds of things. Let artistic people learn artistic kinds of things. Let logical people learn logical kinds of things. Everyone would be much happier and all would enjoy learning a lot more if we simply let people be themselves.

CHAPTER 4

Twelve Cognitive Processes That Underlie Learning

> Those who know how to think need no teachers.
>
> —Mahatma Gandhi

Not everything we would like to teach can be taught, as we have seen. Similarly, not everything we would like to learn can be learned, especially if we are taking the wrong approach to learning. In the previous chapter we discussed what can't be taught. Now, let's talk about what can be taught.

One problem in such a discussion is that we are used to (because we went to school) thinking about what needs to be taught and learned in terms of subjects (English, math, science, etc.). We think this way because school originally was organized by professors who had specialties in these subject areas. These professors were scholars and they set up the lower schools on the basis of the specialties that they had.

When I was working in artificial intelligence, I began to realize that what I needed to teach the computer to do in order for it be smart was a far cry from what people thought needed to be taught. People assumed that we needed to tell the computer facts about the world of the type that children learn in school, and that this would make the machine smart. (Quite recently, I attended a meeting of AI people who were planning a project to allow computers to pass SAT tests as a way of showing that the computer was smart!)

But what computers lack is intelligent capabilities, not information. It is easy enough to fill a machine with information, but when you are done, it would be able to tell you only what you told it. (If that was what a child did, you would think that he was brain damaged.) Intelligence and the learning required to create useful new knowledge are really a result of an amalgamation of cognitive processes. Intelligent computers, and intelligent people, need those processes to be working well.

What I mean by this, is that there is stuff we can do mentally, and that learning just means doing that stuff and getting better at it. Learning is not any one process, but many processes, depending on what you are learning.

What are the cognitive processes that make up learning? If we wish to teach people, it is important to ask what cognitive capabilities we want them to have when we are done, not what we want them to know. In other words, we want to understand what we have to do in order to make them better able to think.

In this chapter, we will discuss the kinds of cognitive processes that people can (and must) learn to do well. Later we will discuss how to best approach learning and teaching these processes.

There are 12 types of processes outlined here. There may be more types than these, but with these we pretty much can cover the ground of what human learning looks like. I have divided them into three groups: *conceptual processes*, *analytic processes*, and *social processes*. Notice first that all the types are types of processes. Thinking is a process. It is something we do. We need to see what that doing is like.

All these processes require practice in order to master them. You cannot learn to master a process without practicing it again and again. Feedback and coaching help one learn.

CONCEPTUAL PROCESSES

1. Prediction: Making a prediction about the outcome of actions

This is experiential learning about everyday behavior in its most common form—it includes learning about how to travel or eat or get a date, for example. In its complex form it is how one learns to be a battlefield commander or a horse race handicapper. One learns through experience by trial and error. The cognitive issue is building up a large case base and index that case base according to expectation failures, as I described in *Dynamic Memory*. We learn when predictions fail. When they succeed, we fail to care about them because most of the predictions we make are uninteresting (I predict the room I just left will look the same when I return). Learning to predict what will happen next requires repeated practice in each domain of knowledge. There is some transfer across domains but not that much. (Learning to buy an airplane ticket is somewhat related to eating in a restaurant, but not that closely. You might use a credit card in each, for example, and might be refused service because you are rude.)

2. Modeling: Building a conscious model of a process

We need to learn how things work. A citizen knows, presumably, how voting works. Someone looking for venture capital should know how fund raising works. Processes need to be learned in order to effectively participate in them and in order to propose changes in them. Building a conscious model of a process matters a great deal if you want to make the process work for you. If you want to get into college, you need to understand how the process works. This cannot be learned from experience in a serious way because one may do it only once and may not be able to experience the entire process. Having the process explained to you may not work that well either because this will not bring an operational understanding of it (as opposed to a more superficial understanding of it). Designing it, modifying it, and participating in simulations of it work much better as learning methods.

3. Experimentation: Experimentation and replanning based on success and failure

This is probably the most important learning process we engage in while living our lives. We make life decisions and we need to know when we need to change something. There are big decisions—like getting married or how to raise a child or whether to change jobs—and little decisions, such as changing your diet or your sleep habits. We make our decisions on the basis of what has worked before and what has failed to work. We tend to make life decisions without much knowledge. We don't know how our bodies work all that well and we don't really know how the world works or what it has in store for us. Thinking about these issues and learning from failure is a pressing need all through life. Learning to analyze what has worked out and what has not and why is part of living a rational life. These things can be learned by living and talking about our experiences, thus creating a database of stories that we can rely on later. We learn by talking with others and hearing their stories but we also learn from our own experience as we construct our own stories. We can learn about life experiences through reading and movies as well. We like stories in all these forms precisely because they focus on real-life issues. The cognitive task here is story creation, comparison, indexing, and modification. Most conversation depends on story exchange. The more emotional a story is, the more likely it is to be remembered.

4. Evaluation: Improving our ability to determine the value of something on many different dimensions

There are no rights and wrongs in what we like. But there is general agreement about what makes a work of art great. The factors to be considered are not necessarily conscious, although for experts they typically are. In these more subjective and subconscious areas of life, it is more a matter of trying to understand what feels right than understanding why it feels right. There is a difference between being someone who can make an artistic judgment and being an art expert. One might learn to notice things that one had failed to notice, if someone takes the time to point them out. Learning to make artistic judgments is about learning to notice, to describe, and to appreciate. One's concept of beauty changes when one's focus changes. Practice is a key idea here as is the assembling of a case base to use as a comparison set. Nevertheless, the comparison set is not usually conscious. One can like something because it is pleasing without realizing (or caring about) why it is pleasing.

When we make a value judgment, we don't necessarily know the values we have and we haven't necessarily learned them consciously. We should value human life over property but whether we do or not we will find out only if the situation arises. It is tempting to try to teach values but this actually is done so early in life and in so many subtle ways that anybody over the age of 10 is unlikely to be much affected by what people say to them about what they should value and what they shouldn't. Perhaps husbands should value helping their wives over watching football but that doesn't mean they will. In important areas of life, on the job and in child raising, for example, one's values come into play. If parents believe they shouldn't correct a child when he makes a mistake in speaking, they soon will find that they have a child who speaks poorly. The value held by the parents may well be that self-confidence is more important than being articulate ("We don't want to criticize him."). Perhaps it is. But the consequences of one's values manifest themselves every time a value-based decision is made.

Nevertheless, we do need to learn to make value-based judgments. Doing this requires understanding what our values are. Confronting a person with her own value system (one that she has unconsciously adopted) can help her think things out, but change is never easy.

ANALYTIC PROCESSES

1. Diagnosis: Making a diagnosis of a complex situation by identifying relevant factors and seeking causal explanations

Diagnosis is a very important skill and one that needs to be learned both in principle and separately for each domain of knowledge. Diagnosis of heart disease isn't a different process in principle from diagnosis of a faulty spark plug in a car engine. Nevertheless, one wants a specialist to do the diagnosis in each case. Why is this? Diagnosis is a matter of both reasoning from evidence and understanding what to look for to gather evidence. Given all the evidence, it is easy to make a diagnosis in an area of knowledge you don't know very well. So, the gathering of the evidence is the most important part. Crime analysts and gardeners both do diagnosis. They both reason from evidence. What separates them is knowing what constitutes important evidence and what does not. Here again, this comes from experienced cases.

Analytic processes involve attention to details that enable the forming of hypotheses that can be tested by a variety of methods. These three pieces, determining evidence, forming hypotheses, and testing hypotheses, are what is commonly referred to as the scientific method. When science is taught, it often dwells on the facts of science rather than the process. Diagnosis is about the process. But the process is not of much use without domain knowledge. Domain knowledge is often about causality, although that knowledge of causality may be subconscious. Experts know what causes an engine to misfire so they know where to look to find a faulty part. Experts also know that an engine is misfiring in the first place. What causes what is the real issue in the comprehension of any given domain.

We learn to do diagnosis, and to understand what causes what, consciously. This is knowledge that can be taught to us by experts, but it needs to be taught as part of the process of diagnosis. If you have a goal (understanding what is broken or has gone awry is a very typical goal), then it is much easier to acquire information that helps in the pursuit of that goal than it is to acquire that same information without that goal. To learn diagnosis, one must practice more and more complex cases in one area of knowledge.

2. Planning: Learning to plan; needs analysis; conscious and subconscious understanding of what goals are satisfied by what plans; use of conscious case- based planning

People plan constantly. Often their plans aren't very complicated. Let's have lunch is a plan, after all. Sometimes they make much more complex plans. A football coach makes plans to fool the defense. They are called plays. A general makes battlefield plans. A businessperson writes business plans. An architect draws up architectural plans. All these more complex plans have a lot in common with the let's have lunch plan. Namely, they have been used before or something quite similar has been used before. People rarely make plans from scratch. When they do, they find the process very difficult and often make many errors.

Learning to plan, therefore, has two components: being able to create a plan from scratch (which almost never actually happens) and being able to modify an existing plan for new purposes. The first one is important to learn how to do, but it is the latter ability that makes one proficient at planning. Planning from first principles is actually quite difficult. Normally people just modify an old plan. Last week we had steak; this week let's try lamb chops. This doesn't sound like rocket science and it isn't. Computer programmers write new programs by modifying old programs. Lawyers write contacts by modifying old contracts. Doctors plan procedures by thinking about past procedures. In each case, people try to improve on prior plans by remembering where these plans went wrong and then thinking about how to improve them. Acquiring a case base of plans is critical. One can modify plans from one domain of knowledge to use in another but this is not easy and requires a level of abstraction that is very important to learn. Most creative thinking depends on this ability to abstract plans from one field of knowledge to another. We learn to do this by practicing it. Teachers can help people see correspondences across domains. Abstraction of this sort is what creative people do best.

3. Causation: Detecting what has caused a sequence of events to occur by relying on a case base of previous knowledge of similar situations (case-based reasoning)

All fields of knowledge study causation; biology, physics, history, economics—they are all about what causes what. The fact that this is an object of study by academics tells us right away that it is not easy and no one knows for sure all of the causes and effects that there are in the world.

Because of this, acquiring a set of known causes and effects tends to make one an expert. A plumber knows what causes sinks to stop up and knows where to look for the culprit. A mechanic knows what causes gas lines to leak and knows where to look. A detective knows what causes people to kill and knows where to start when solving a murder case. Causal knowledge is knowledge fixed to a domain of inquiry. Experts have extensive case bases. Case bases are acquired by starting on easy cases and graduating to more complex ones. It is important to discuss with others the cases one works on because this makes one better at indexing them in one's mind, enabling one to find them later as needed.

4. Judgment: Making an objective judgment

There are two forms of this, both involving decisions based on data. The first is deciding whether you prefer Baskin Robbins or Ben and Jerry's. There is no right answer. We make judgments and then record them for use later. We find ways to express our judgments (Ben and Jerry's is too sweet, for example). We learn what we like by trying things out. A wine expert learns about wine by drinking it and recording what he thinks so he can compare his thoughts about one wine to those about a different wine later on.

The second form is reasoning based on evidence. A jury does this but it doesn't learn much from it. Judges, however, learn in this way, as do psychiatrists and businesspeople. They collect evidence, they form a judgment, and later they may get to see whether their judgment is correct. When asked, they can tell you clear reasons (typically post hoc justifications) as to why they decided the way they did. The wine expert can say reasons as well, but the evidence for taste is not really all that objective. (Of course, the evidence may be found after the judgment is made. People are not always entirely rational.)

To learn to make objective judgments, one needs constant feedback either from a teacher or from a colleague or from reality. One needs to think about what was decided and why. People who are good at this are good at it because they have analyzed their successes and failures and they can articulate their reasoning. Learning requires repeated practice.

SOCIAL PROCESSES

1. Influence: Understanding how others respond to your requests and recognizing consciously and unconsciously how to improve the process

Human interaction is one of the most important skills of all. We regularly interact with family, friends, colleagues, bosses, romantic interests, professors, service personnel, and strangers. Communicating effectively is very important to any success we might want to have in any area of life. But, we do not know why we say what we say, nor do we really understand how we are being perceived by others. We just talk and listen and go on our way. Some people are loved by everyone and others are despised. It is wrong to assume that we know what image we project or that we are easily capable of altering the way we behave so that we will be perceived differently.

How do we learn to become conscious of inherently unconscious behavior? One can learn to behave differently if one becomes consciously aware of the mistakes one is making. Watching others, watching oneself, thinking about how to improve—all this helps one make subconscious behavior into conscious behavior.

We unintentionally return to standard ways of acting in various situations. A wallflower at a party doesn't decide to be a wallflower—it is simply behavior she is comfortable with. If no one is harmed by these subconscious choices, then there is no need to fix anything. But often we might behave differently in how we treat others, if we realized what we were doing. Getting along with people is a very big part of life. Each of us has our own distinct personality and often it doesn't match with our own ambitions and desires. To change our behavior, we need to practice new behaviors that become as natural to us as our old behaviors. The only way to do this is to do it. People can help point out what you are doing that isn't helpful to your needs but that does not mean you can easily change. If you want to change, you need to try new behaviors and practice them. This can be coached. Practicing new behaviors and being critiqued can help greatly. Written communication is handled the same way.

2. Teamwork: Learning how to achieve goals by using a team, consciously allocating roles, managing inputs from others, coordinating actors, and handling conflicts

It is the rare individual who works all alone. Most people need to work with others. Children are not naturally good at this and are taught to "share." Then they sometimes do what is called "parallel play" where they play near one another doing different things. Getting kids to cooperate to do something together is not easy. Usually one wants to dominate the others. There is nothing wrong with this per se. People are who they are and they need to assume roles in any team that are consonant with their personalities. One person plays quarterback and another blocks. People do not have to do the same thing in order to work together. But they do need to get along and function as a team. This is no more true of sports than it is of the workplace. People learn to work in teams by working in teams and receiving helpful advice when a team is dysfunctional. Football coaches explicitly teach this. More formal learning situations (like school) often don't, which is unfortunate. It really isn't possible to get along in the real world unless you can assume various roles in a team that fit with who you are.

3. Negotiation: Making a deal; negotiation/contracts

Contracts, formal and informal, are the basis of how we function. We reach agreements in business, in marriage, in friendship, in a store, and at school. Parties to those agreements have the right to complain if obligations are not met. Learning to make a contract, legal or not, is a big part of being a rational actor. To make a contract one must negotiate it. Negotiation often is seen as something only politicians and high-powered business leaders do. But, actually, we negotiate with waitresses for good service and we negotiate with our children when we give them an allowance. Learning how to negotiate can be done only by trying and learning from failures. The techniques tend to be context-independent, but there is, of course, special knowledge about real estate and politics (for example, the relevant laws) that makes one a better negotiator in each situation. Again, practice with coaching is the ideal.

4. Describing: Creating and using conscious descriptions of situations to identify faults to be fixed

When problems exist in any situation, we need to be able to describe and analyze them. We need to be able to describe them in order to get help from people who may know more about the situation than we do. We need to learn to focus on the critical issues. In order to do this, we need also to be able to analyze these situations to see what was supposed to happen and why it isn't happening. Consultants who try to fix failing businesses do this sort of thing all the time, as do doctors when consulting on difficult cases. Creating a careful description of a situation is a skill that can be learned only through practice. This sometimes is described as learning an elevator speech to tell someone succinctly what you are doing. This ability is a very important part of understanding and helping others understand.

Now let's see what we have. First let's list again the types of cognitive processes that underlie learning:

Conceptual processes

1. Prediction
2. Judgment
3. Experimentation
4. Evaluation

Analytic processes

1. Diagnosis
2. Planning
3. Causation
4. Judgment

Social processes

1. Influence
2. Teamwork
3. Negotiation
4. Describing

What kind of stuff is this? I said above that these are cognitive processes. So let's look at them from that perspective. Let's start with the analytic processes.

What does it mean to say that diagnosis is a cognitive process? It means that there are steps and these steps are based in thought rather than in action. The first step may be to gather evidence, for example. While this seems like a physical act, and often it is, it is actually a mental act. Evidence can be gathered by asking questions, by looking carefully at a scene, by listening to sounds, or by taking blood tests. There are many ways to gather evidence and typically the physical manifestations of evidence gathering bear no real relationship to one another. Evidence gathering is a mental act, although physical actions may be involved. It is a mental act that is part of a set of complex mental processes that, of course, include reasoning about the evidence, checking the validity of the evidence, comparing known information with previous cases that are similar, and so on. Diagnosis is a complex mental process. Teaching diagnosis matters because getting good at diagnosis can make you a good mother, a good teacher, a good detective, a good nearly anything you can think of. The process of diagnosis is constant in our mental lives.

Are all 12 of the processes listed above like this? Clearly the other analytic processes are very similar. Planning is a mental activity that one gets better at by doing it. Whether you are planning a party or planning a career, the process involves thinking about steps and imagining consequences to those steps. The more you plan, the better you get at it. We do planning every day. It matters a great deal and the better you are at it, the easier your life will go. The same is true of the third mental process: analysis of causation. Knowing why something happened allows us to not do it again—if we didn't like the end result—or to try to do it again, if we did, and everything in between. Determining causation is a mental process that is very similar to diagnosis, of course.

So these three are all cognitive processes and they require constant practice. Getting better at them throughout one's life is very important. I define learning as improvement in one's cognitive processes. Lifetime learning does not mean the continual acquisition of knowledge so much as it means the improvement in one's ability to do these processes by means of the acquisition and analysis of experiences to draw on.

CHAPTER 5

Real-Life Learning Projects Considered

> I learned more about the economy from one South Dakota dust storm than I did in all my years of college.
>
> —Hubert H. Humphrey

These days everyone has ideas about ways to improve student learning. These range from having kids stretch between classes, to listening to Mozart, to eating right. Of course, those things won't harm you, but they really have nothing to do with learning. They are about getting students to concentrate on material that doesn't interest them much. Presumably, a tedious task is made better by these kinds of things. An interesting task does not need that kind of enhancement. It should be interesting in and of itself.

In the summer of 2008, I met a most unusual man. He recently had retired from being the CEO of Epson Europe. Some years earlier, his close friend, who was director general of a college, got sick and died. His dying wish was that his friend, the Epson CEO, would succeed him and become president of the business school of the college. And so it happened that a professional from the business world found himself in charge of the Business Engineering School at La Salle University in Barcelona, Spain. During his years at Epson he had hired many graduates from that college and others, and believed that the training they received there was highly theoretical, not practical enough or oriented to the real world of business. It was clear to him that students needed a different kind of training in order to prepare them for professional life. He began to talk to the faculty about teaching different kinds of courses, ones that were less theoretical and more related to what people actually do in business. The faculty objected. Shocker.

A provost friend of mine once said that with faculty, everything is a la carte. What he meant was that professors never feel that they have to follow the wishes of the administration. They consider themselves free agents. This former CEO, coming from a business where there really is someone in charge, didn't know what to do. He talked to people who talked to people and eventually he found me.

As a professor for 30 some odd years, I developed a healthy disrespect for professors as a group. They tend to lobby for keeping their lives easy and that means, among other things, making sure they don't have to teach too much or teach in a way that makes them have to work too hard. Professors always have something more important to do than teach. I am not criticizing here. I would have been the first to whine and wail if anyone had made me teach more than one course every other quarter. I considered myself a researcher, also a graduate seminar teacher, but classes with lots of students wanting to hear a lecture? Ugh.

The college president and I had dinner and discussed what we could do together. I said we could build any program he wanted online as long as we didn't need the approval of faculty to do it and we had good experts available. He said he was the expert and we needed the approval of no one. I said it would be expensive and he said, *God will provide.* (Did I mention this school is run by the Christian Brothers?)

Two months later I found myself in front of 25 faculty in Barcelona as I interviewed the president about what someone would have to know how to do in order to make them into someone whom he would hire. He gave me a list. The faculty got to comment, but that was about it. It was clear who was in charge.

So, we built a story-centered curriculum meant to teach practical business by creating simulated experiences. The idea is to deliver it online around the world, using mentors who speak the students' language. (The website is in English). No classes. No lectures. No tests. Graduates get an MBA degree but this curriculum doesn't have that much in common with traditional MBA programs. The idea is to help people launch their own business or go to work.

Students are part of teams that work to create deliverables within a story about a situation that demands some work on their part. They consult with their team members and use extensive background and step-by-step help that has been created as part of the website. Mentors are available to answer questions and to evaluate the final work product. The projects are large enough that students need to divide up the work and consult with one another on how to proceed. Eventually they create a deliverable and either continue to work on improving it after receiving feedback from the mentor or move on to the next subtask in the story.

I will describe briefly the stories that the students work within (they each last anywhere from 6 to 9 weeks). Then I want to consider what these courses are really teaching from the perspective of the framework of cognitive processes that I described in Chapter 4.

COURSE 1: "CASH CRISIS"— ANALYZE AND SOLVE FINANCIAL BUSINESS PROBLEMS

The story for this course is that a family that owns a winery business hires a consulting firm to help determine why the bank denied the renewal of a loan. The students, working in the role of assistant consultants, first conduct financial analyses to determine problems within the business. Next, they conduct a root cause analysis to determine the underlying causes of the problems affecting the business. Students then develop solutions to address the problems and write a report outlining the solutions, including 5-year financial projections.

COURSE 2: "GOING ONLINE"— TAKE A SMALL BUSINESS ONLINE

Students are contacted by an investor who is interested in starting an online business selling gift baskets. She wants the students to help her plan what the business will sell in the gift baskets and to design the user interface for the website. She is leaving it up to the students to determine what sort of gift basket business they want to design. Her immediate concern is seeing what the site would look like, and how it would function, to make sure she will have a good design to impress prospective buyers.

Students begin by interviewing prospective customers and seeing how they typically buy such items online, to learn from their usage patterns and to determine common breakdowns in the usual process. Next, students produce expected user scenarios for the "personas" they identify as being prospective users of the site. They then define functional and nonfunctional requirements for the site they must design. They design the information architecture, including content, sitemap, wireframes, and low-fi prototypes, after which they test their prototypes on prospective users. The final step in the process is a review of proposals from a set of vendors who could build the site the students designed.

COURSE 3: MARKETING—LAUNCHING A NEW PRODUCT

In this story, the students belong to a product-launching team. The goal is to launch a new social network for amateur performers, iSing.com. Students decide which role they want to play, product marketing or marketing communication, and working together in teams of four, they prepare the launching plan for this product. Among the activities they perform are preparing job descriptions for both roles, preparing a position strategy statement and a message architecture, preparing a preliminary market segmentation for the product, preparing demographics and psychographics of the target groups, launching a kick-off meeting for the project, and preparing a launching program, including the following subtasks: total product requirements, barriers to customer adoption, competitive analysis, market/customer research, hiring a research firm, market leverage model, communication plan, web tools, branding, market research, and hiring a PR firm. Finally, students prepare a complete budget and defend the plan and the budget in front of the top management of the company.

COURSE 4: RE-ENGINEER A SUPPLY CHAIN

Students now play the role of junior executive in the supply chain management department of RightByte technologies. They receive a report from the CEO describing the current processes and the main problems identified. With this information, students are requested to find out the root causes of the problems and come up with a suggested course of action to solve them. They have to take into account the following design principles for the new solution: customer service impact, impact on cost savings, and ease of implementation.

From this point on, the teams analyze each piece of the supply chain to make the deep diagnosis: demand/supply planning, transportation, warehouse management, sales order management, and central order fulfillment. Once the diagnosis and requirements are well established, the teams develop a suggested solution. Finally, top management requires the team to prepare a change management evaluation to see whether the company is prepared to undertake such a complex project.

COURSE 5: INVESTMENT READINESS—HELP A SMALL TECHNOLOGICAL COMPANY TO SUCCESSFULLY RAISE FUNDS FOR AN INTERNATIONAL EXPANSION IN A SECOND ROUND

Next.TV is a small company that has been very successful in the local market. It has developed a software package to automate an editorial department of a TV channel. Most of the main domestic channels have already implemented the package and the company wants to go international. Students are hired as expert consultants to prepare the company for this second round of financing and to present the project to Venture Capital firms. Students now do several tasks that they have already done in the previous modules, plus some new tasks, but they do them now in an integrated manner and with much less time to finish them. Task to perform are: analyze starting point (P&L and balance sheet), enhance the product value proposition, prepare a sales plan, perform a management audit, prepare the internalization plan, prepare financial planning, write the business plan, identify potential VC firms to present to, analyze offerings, and negotiate a term sheet.

COURSE 6: ETHICAL AND LEGAL ISSUES IN CORPORATE GOVERNANCE

This course involves reading and discussing a specially written novel. The intent of the novel is to inspire readers to wrestle with the problems of the characters, who are involved in complex ethical and moral decisions within the pharmaceutical industry. The novel serves as a starting point for the kind of active contemplation and discussion that truly make people better able to think more deeply about such issues. The students immerse themselves in the story of an international pharmaceutical company engaged in a hostile takeover of a smaller, but highly successful, competitor. Students experience the tough negotiations, the elimination of dedicated and talented individuals, and the painful shuffling of roles and responsibilities that accompany major change in a modern corporation. Students also confront the complicated (and sometimes conflicting) relationship between social responsibility, legal responsibility, and profit motive, as they witness the company's attempt to establish a new research facility in a blighted town as a consequence of the merger. As students consider each episode, they critique the actions and reactions of the central characters, advise them on next steps, and glean lessons related to negotiation, change management, legal and ethical issues in corporate governance, and working with other cultures.

STORY 7: SELLING AND IMPLEMENTING SOLUTIONS

Students begin their work as new project managers at a premier event-planning company, World Class Events. They begin by qualifying and prioritizing opportunities to propose work to prospective clients, pitching to senior management which of the proposals should receive the greatest budget, based on potential profitability, likelihood of winning, and other relevant considerations. They create a project scope document for the sales effort, first planning and attending a simulated meeting with event-planning experts to determine a vision for the event, including risks and open questions for the client. They then engage in a role-play call with the client, introducing World Class Events and clarifying the project vision.

Of course, the intent of this curriculum is to prepare students to go out into the business world. So, there is a natural subject orientation. The subject is business. But after we acknowledge that, everything else is different. The curriculum was designed with the 12 cognitive processes in mind. Let's see how that was accomplished.

The real issue in learning in any arena of knowledge is getting better at the cognitive processes that underlie that knowledge. The processes involved in learning have been with us as long as there have been humans. School, and subject-based education, is a more recent invention. To understand how human learning works, we need to think more deeply about how we can teach these processes.

So, we might ask, Where do the 12 cognitive processes get taught in this MBA program?

First let's list the cognitive processes again:

Conceptual processes

1. Prediction
2. Judgment
3. Experimentation
4. Evaluation

Analytic processes

1. Diagnosis
2. Planning
3. Causation
4. Judgment

Social processes

1. Influence
2. Teamwork
3. Negotiation
4. Describing

Now let's consider them one at a time.

Where is prediction taught in our MBA program?

In course 1 (cash crisis), students have to create a financial plan. Any planning document is a serious attempt at prediction. Prediction is covered in a different way in course 2. In that course, students need to predict how users will behave on a website. In course 3, students need to predict the effects of a marketing campaign and predict what will work and what will not work in a product launch. In course 4, students need to predict how changes they make in the supply chain will improve the process. In course 5, students are developing a business model, which is in itself a prediction that certain decisions and behaviors will make money. In course 6, students must predict the effects of various changes in an organization and must predict the behavior of the people with whom they will negotiate. In course 7, students predict which sales pitches will work as well as predicting various costs and benefits associated with their product.

In fact, it seems obvious that *prediction* is at the very heart of this MBA program. But so are all the other cognitive processes. Students are always working in *teams* and are always trying to *influence* their peers, their superiors, their customers, and so on. They are in constant *negotiations* and they are creating all kinds of *plans*—financial plans, marketing plans, and business plans. They are constantly *diagnosing* problems in the various stories and constantly creating documents as work products (*describing*). They must determine the *cause* of various problems in each story and *evaluate* solutions to those problems. They make *judgments* about what to do, and what is working and what isn't, in each story and they create *models* of proposed solutions. Each new solution they propose is, in effect, an *experiment,* and they must evaluate the results of each experiment as they proceed.

Now let's reconsider what it means to teach and what is important to teach within the context of a good curriculum. One might have expected, given that there are 12 cognitive processes that must be learned, that each project in the curriculum would be put clearly into one of categories. The schooling mentality naturally leads to the idea that if diagnosis is important, then we should offer a course in diagnosis. But you can't diagnose randomly and you can't teach students to do diagnosis in the absence of an acknowledgment of their real interest and goals independent of a context. While diagnosis is fundamentally the same process whether you are plumber, a doctor, or a businessperson, there is also much to learn about the context of the diagnosis, and real students with real goals will fall asleep while hearing about diagnosis in one context, whereas they will perk up while actually doing diagnosis in a context they find fascinating.

We have designed this curriculum to teach the 12 cognitive processes within the context that was decided upon by the students. No one is forced to take an MBA program. The students are those who want to run their own business or work within the context of a large business. It is the job of the curriculum designer (and the teacher), therefore, to teach them how to think well within that context.

Now I am not saying that this is not done (or at least cannot be done) within traditional schooling. Sometimes it is. A good history teacher does in fact teach about diagnosis and causation and planning. One can think about the Battle of Waterloo and learn a great deal about planning, and influence, and causation, and teamwork.

But while this could be true of a good history course, it often is in no way actually the case. If history courses were designed to teach students to think within the context of history, they would be much more important than they now are. As long as we think that history is about getting the facts about who signed what declaration when, we are missing the forest for the trees from a teaching point of view.

Now, of course, some subjects lend themselves very easily to emphasis of the 12 cognitive processes. Science courses could, for example, be entirely about experimentation or diagnosis or causation, and they would be very useful if they were. But instead we encourage learning the facts about who did what experiment and we teach formulas to be memorized and we teach about equations. Experimentation is indeed a very exciting subject. (Ask any 2-year-old who experiments with what best goes in his mouth on a daily basis.) But schooling manages to make it a very dull subject by teaching who did what experiment when.

One reason that we have managed to create dullness out of material that can be inherently interesting is the absurd emphasis on testing that has dominated the world of education in the past years. Below are three questions (quite typical ones) from an AP psychology exam.

Ivan P. Pavlov is famous for his research on

(A) teaching machines.
(B) perceptual learning.
(C) forward conditioning.
(D) classical conditioning.
(E) backward conditioning.

A stimulus that elicits a response before the experimental manipulation is a (an)

(A) response stimulus (RS).
(B) unconditioned stimulus (UCS).
(C) generalized stimulus (GS).
(D) conditioned stimulus (CS).
(E) specific stimulus (SS).

Erikson proposed that trust or mistrust develops during the

(A) muscular-anal stage.
(B) locomotor-genital stage.
(C) latency stage.
(D) oral-sensory stage.
(E) maturity stage.

Psychology is all about experimentation, but the questions here are about facts about previous experiments, which is very different from learning to design and perform an experiment about something that personally interests you. Psychology teachers cannot teach students how to create a hypothesis and experiment to find out whether it is true, unless they go around the existing curriculum. Since teachers are judged by their students' results on AP tests, this is hardly likely.

Another problem here is that only some of the 12 cognitive processes are conscious. Others are hidden from our conscious minds. If school were to actively try to teach diagnosis, for example, soon enough there would be the 18 principles of diagnosis or a test about who said what about diagnosis. There probably wouldn't be much actual diagnosis unless something drastically changed our conception of what schooling should look like.

The major problem with how we think about teaching is our conception of what it means to teach, as well as our conception of what it means to learn. In school we "know" that one has to learn math and science and literature. I am asserting here that it is that notion, that there are these specific subjects to teach, that has ruined our schools.

There are abilities to teach, not subjects.

Academics designed the school system. To them, it seemed natural that the subjects that they were experts on should be taught in high school. Such a simple thought has created a major problem.[1] Education ought not be subject-based but, in a sense, we can't help but think of it that way because we all went to schools that were subject-based. Even corporate training, which need not be subject-based, tends to be viewed in that way as well, simply because that is the way we have always looked at education owing to our own experiences in school.

Once you set up the learning question in terms of subjects that need to be taught, it is very tempting to use the old tried and true, *Why* *don't we just tell them the facts and any underlying theories?* The knowledge metaphor, the one that says that teachers know some stuff that students don't, naturally leads teachers to tell students what they know.

Now let's consider corporate training.

The companies that contract with my company[2] to build courses know that we will not use the *learning by telling* method. Presumably they are frustrated with the results that the telling method has produced in courses that have been built for them by others. (In fact, they refer to it as "death by PowerPoint.") This is why they come to us. Still they can't help but ask the same subject-based question. How could they not? It is all they know. They went to school. They see the world in the way that school taught them to see it.

They don't ask the questions they should ask because they can't. We need to transform badly formed educational questions into properly formed ones. We need to transform subject-based questions into cognitive process-based questions. This means changing statements about the need to manage client relationships into statements about cognition, and statements about product launch into ones about cognition, and so on. What does it mean to make such transformations? It means asking what one does when one manages client relationships or when one launches a product. This is, of course, exactly what we ask clients in our first meeting with them. For example, we ask: *What does one do when one launches a product?*

What I plan to do here is reveal what we do next, namely, the *subject to cognitive ability transformation process*. We must do the transformation properly and then make clear what one does in course design after one has figured out what really needs to be taught.

Let's start simple. Let's imagine we want to train insurance adjusters to decide what compensation a policy owner is entitled to after a hurricane hits his property. (Yes, I do live in Florida, but I can't say I care much about this process personally.) I found this on the Internet covering this subject:

> Catastrophe Adjusting Refresher
>
> **Course Description:** This is a course package comprised of three courses plus a bonus section and downloadable documents.

One of the three courses is this:

Catastrophe Adjusting Skills and Techniques

Course Description: This is a course package comprised of seven courses plus two bonus sections and a number of downloadable documents.

This online class is for individuals who are new to adjusting catastrophes, such as hurricanes, windstorms, and tornadoes. The course is broken down into two key sections: "Getting Prepared for Adjusting" and "The Actual Adjusting Process." The first section includes a number of course components and background knowledge that can be done in preparation for any catastrophe. The second part of the class takes you through all the steps and processes required for adjusting residential properties. This online package includes everything listed under course topics.

Course Topics:

- Insurance Basics
- Tools of the Trade
- Working with Digital Photos
- Residential Construction Basics
- Claim File Components
- Homeowners Policy Interpretation
- Property Adjusting 101
- Getting organized
- Claim reporting

Course Length: 8 hours

Audience: Property adjusters who are new to processing and adjusting catastrophe claims and need the knowledge and skills required to be successful on the job.

One thing that jumps out here is the time. In 8 hours, the above topics will all be covered.

Wow! Assuming an hour for each subject, this means you can learn insurance basics, or residential construction basics, in an hour if you take this course. What this means in practice, I assume, is that there will be some text to read and some questions to answer to make sure that you have read the text. Personally, I doubt that one could learn much about any of these subjects by oneself in 8 hours (or even 8 days.) Clearly, they are teaching vocabulary and a few facts. Most of it will be forgotten.

Now suppose the insurance industry had come to me and asked my company to build a course that covered these topics. What would I say? (Apart from: *Are you nuts?—not in 8 hours.*)

I would start by asking what is hard about insurance adjusting. At the same time, I would have already assumed that this was basically a diagnosis task.

Diagnosis is a complex cognitive process that has three important parts. The most important part is the end result. All successful diagnoses result in an answer (cancer, stopped up sewer line, misfiring spark plug, paranoia, etc.). These results are taken from a list of acceptable answers and typically are not in any way inventive. The second part is the case. A prototypical case for all possible results typically is compared with the current case. A match determines the result. The third part is the evidence. To construct a case, one must gather evidence. When more than one prototypical case matches the situation, more evidence needs to be gathered in order to differentiate the cases that might match. Doctors call this differential diagnosis.

How does one learn to do diagnosis? One must know the prototypical case, which often takes years for one to acquire naturally through experience. One must know how to gather evidence, and what constitutes evidence, and one must know the possible set of results. All of this takes a long time to learn. But the process itself is very much the same no matter what you are diagnosing. So, one question we would ask was whether the students in the course had any experience diagnosing anything. It is easier to teach diagnosis to people who have done it before even if the subject matter is different this time. Another question we would ask is how much the students knew about the basics of the subject matter since it is easier to teach diagnosis to those who already know the subject matter.

So when I ask what is hard about insurance adjusting, I have a good idea of what the answer may be. It is probably in one of these three things. Is it difficult to learn all the kinds of cases that there are and what differentiates one from another? This depends on how many types of cases there are. Is it hard to gather evidence properly? Probably. It usually is. Is it hard to know all the possible results? It might not be. It might be hard to decide on a result, however, since the result is usually to pay some amount of money, so how much money would be the key question. All this takes practice, so what we really need to know is where the main areas of practice should be.

So now we have a real question to ask:

> Q1: How can we practice gathering evidence, learning about prototypical cases, and knowing how to determine the correct final result in insurance adjusting?

Notice that this is a very different question from asking what an insurance adjuster knows and then asking how to tell students what they should know.

Making the transformation from the list of knowledge given above by the online course offerers into Q1 is the real issue in transforming subject-based education into cognitive process- based education.

Let's discuss a different type of example. My company was invited into a technical college in Peru to discuss how to teach accounting. *Why would you want to teach accounting?* I asked. Because the students need to know it, I was told. *Why?* I said. Because they need it in their work. So I changed the subject. I asked, *What work do most people do when they graduate from your school?*

It turns out most of their graduates ran fast-food restaurants. *Then why do they need to learn accounting?* They need it in order to run a restaurant. I am sure there is some accounting done as part of running a restaurant, but surely not every part of accounting is needed. And, I asked, *Do you actually teach how to run a restaurant?*

Of course they didn't. Why not? Because accounting is an academic subject and managing fast-food employees and ordering meat are not. They hire an accounting professor and he knows accounting and knows nothing about running a restaurant. Even a practical technical school gets caught up in subject-based education in part because it hires graduates from that system who know only what they themselves were taught.

What are the cognitive processes involved in running a fast-food restaurant? Let's see which are relevant.

Conceptual processes

1.	Prediction	YES
2.	Modeling	YES
3.	Experimentation	YES
4.	Evaluation	YES

Analytic processes

1.	Diagnosis	YES
2.	Planning	YES
3.	Causation	YES
4.	Judgment	YES

Social processes

1.	Influence	YES
2.	Teamwork	YES
3.	Negotiation	YES
4.	Describing	YES

Hmm. All of them. How can this be?

Managing a business, any business, requires one to influence employees, negotiate with suppliers, plan future moves, determine what isn't working, teach employees how to work together, make judgments about people and processes, and so on.

All this should give a hint about how to approach a business that wants to teach its employees to do their jobs properly. One must teach each of the 12 processes, but they need to be taught in the actual context of what people will do when they graduate. This does not mean that for every problem there are 12 courses that need to be created.

While you might need to predict an employee's behavior, this does not mean there should be a prediction course. This is not a problem because there never is such a course. A businessperson has to make judgments, and determine causes of problems, and so on, so maybe we should have courses in each of those processes. But this makes no sense.

We must teach people to deal with the real-life issues that arise in any situation they are preparing to work in. In other words, the designer of a course on how to manage a restaurant must focus on the typical goal conflict situations that a new manager would have to confront. The course designer must create a fictional situation where it is necessary to convince an employee to do something or to find out why something that was asked of an employee did not happen.

The magic word is *scenario*. Scenarios are like plays. Things happen and you have to deal with them. A well-written scenario makes sure that all of the processes that could be at all relevant to what you want to teach, occur in this new context. In a reasonable education system, students would have been practicing all of these processes all of their lives. But we do not have a reasonable education system. We have one based in subjects. So our cognitive processes are not rehearsed over time in different contexts by constant practice. Instead we learn knowledge about subjects.

To remedy this, a course designer (and a teacher if the teacher has that freedom) must make sure that as many of the cognitive processes as are relevant to a situation naturally occur within the scenario being constructed to simulate what will happen in real life later on. Not every situation requires diagnosis, but many do. Not every situation has a goal conflict or forces one to make predictions or plans, but many do. If what needs to be taught naturally lends itself to working on any of the 12 cognitive processes, then the training being built must concentrate on that. If there could be diagnosis, then there should be training in diagnosis in that context, and that training must supersede the garnering of facts.

Schools are tough to change. We are trying, but the subject-based educators have a few hundred years head start. However, in designing new training, it is quite possible to reorient subject-based courses and turn them into cognitive process-based courses that are much more satisfying to both the teacher and the student.

CHAPTER 6

A Socratic Dialogue

> Sit down before fact as a little child, be prepared to give up every conceived notion, follow humbly wherever and whatever abysses nature leads, or you will learn nothing.
>
> —Thomas Huxley

Slave Boy: So it really doesn't matter how you classify a teaching/learning problem because there are many methods that could apply, correct?

Socrates: And what follows from this?

Slave Boy: That it is not the classification that matters but the methods entailed in that classification.

Socrates: And what do all these methods have in common?

Slave Boy: They all involve practice

Socrates: And what else?

Slave Boy: Real experience.

Socrates: And how is experience stored?

Slave Boy: Through cases.

Socrates: Expressed how?

Slave Boy: As stories

Socrates: So what follows from all this?

Slave Boy: That the methodology entailed in each classification of learning types is not the real issue.

Socrates: And what is the real issue?

Slave Boy: Practice

Socrates: And?

Slave Boy: Dialogue

Socrates: Why dialogue?

Slave Boy: Because it is through dialogue that stories are solidified and indexed

Socrates: So the classification of learning types doesn't really matter then, does it?

Slave Boy: Oh no, dear teacher, I beg to differ. The classification helps us think about the real issues in education.

Socrates: Indeed.

CHAPTER 7

Knowledge-Based Education vs. Process-Based Education

> Diagnosis is not the end, but the beginning of practice.
>
> —Martin H. Fischer

In our society we have set up schools to teach knowledge. We concern ourselves with what facts children know, we test to make sure they know them, and then we complain that the schools are failing when they don't. This idea is so ingrained in our way of looking at schooling that when people like me complain about it, we are seen as people who are rambling around muttering to ourselves.

There are so many people having anxiety attacks about what kids know, it seems one can find an article about it in every news segment on education.

I happened on an article in *Huffington Post* written by someone named Schweitzer who is listed as "having served at the White House during the Clinton Administration as Assistant Director for International Affairs in the Office of Science and Technology Policy." Here is a piece of what he said:

> The health care debate cannot be understood in historic context because many Americans have never heard of Thomas Jefferson. Extrapolating from state surveys, only 14% of American high school students can name who wrote the Declaration of Independence. Nearly 75% do not know that George Washington was our first president. . . . We can say that our educational system has failed when the vast majority of American students do not know enough to pass an exam to qualify as American citizens.

This is an astonishing statement.

Why do we have such a failed system? Could it be the policies of presidents like Clinton, who pursued a policy of never offending the teachers unions by doing anything threatening to them, like changing the curriculum?

Or, could it be that people such as this writer define education in terms of random facts they wished everyone knew? The problem is not that people don't know who Thomas Jefferson was. If citizens knew who he was, would that mean that they could think clearly and not be influenced by all the special interests who were trying to tell them what to think? If they knew who George Washington was, what exactly would they know about him? That he could never tell a lie? This is obviously untrue, and many have written about what a good liar he actually was. That he was a brilliant general? There is lots of evidence against that. That he owned 300 slaves? This is not usually mentioned. That he married a rich woman probably so he could get her land? Historians discuss this. Schools never do. Nevertheless, people are upset because our students don't know our national myths and some random facts.

The real issue in the healthcare debate is that the general public can't think clearly. That would have a simple explanation. The schools don't even try to teach people to think clearly.

I mentioned President Clinton above, but really all U.S. presidents are culpable. It may not be their fault. Certainly they are given terrible information.

Lamar Alexander, former Secretary of Education (under George H.W. Bush) was speaking in the U.S. Senate recently on restoring teaching history to its "rightful place" and making sure that history was part of the NCLB act. Here is a quote from him from 2006:

> Just one example of how far we are from helping our children learn what they need to know. The fourth grade national report card test asked students to identify the following passage, "We hold these truths to be self-evident that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty, and the Pursuit of Happiness." Students were given four choices: Constitution, Mayflower Compact, Declaration of Independence, and Articles of Confederation. Less than

> half the students answered correctly that that came from the Declaration of Independence. Another question said, "Imagine that you landed in Philadelphia in the summer of 1776. Describe an important event that is happening there." Nearly half the students couldn't answer the question correctly that the Declaration of Independence was being signed.

Politicians never seem to get it about education. What history do students "need to know"? None, actually, unless they plan on being historians, or maybe senators. Now I realize this is a radical point of view, but history is not something anyone needs to know.

Why not?

Because knowing what happened in Philadelphia in 1776 does not in fact make you a better citizen, no matter what Alexander says. Random historical "facts" do not make one a critical thinker about history nor do they promote clear thinking about current political issues. Such "facts" are almost always used by politicians to justify whatever it is they already believe. Understanding how human events typically flow is, in fact, quite valuable, but that has more to do with understanding human nature and prior circumstances than it does with memorizing facts that politicians deem important to know. A good citizen would be one who carefully considered the issues when voting. That would mean being able to diagnose problems and evaluate proposed solutions. But that would produce a citizenry that could ask hard questions of politicians, which is probably not what these politicians are aiming for.

In 1776 we had a bunch of politicians who, if the present set are any example, surely were voting for their own special interests. The fact that we, as a country, feel the need to make them into folk heroes does not make it one bit more likely they were any better or worse than the current people who govern us. What Alexander is really arguing for is more indoctrination—more informing students what to think instead of teaching them how to think.

It would be nice if one simply could point a finger and say it is all the politicians' fault. They really don't want people to think all that clearly. But politicians are only part of the problem.

Recently, a report was issued about the teaching of mathematics, stating:

> Students who complete Algebra II are more than twice as likely to graduate from college compared to students with less mathematical preparation.[1]

The natural assumption here is that we must hurry up and teach more Algebra II, of course. Except that obviously is not what is going on; it just serves the interests of those who wrote the report to put it that way. Here is another statement from that report:

> Students who depended on their native intelligence learned less than those who believed that success depended on how hard they worked.

The claim is simply this: If you work harder, you get into college. Now the question is: Why are the writers of this report claiming that the thing that students have to work harder at is Algebra II?

It is easy enough to see why this panel decided that. At stake was a $100 million federal budget request for *Math Now*, and the people who were on the panel were people who would receive that funding. University professors issue reports asking for grant money to be approved that state that the nation will not succeed without that grant money. Vested interests are nothing new. I am sometimes amazed that no one points this stuff out, however. *It is well established that everyone must know algebra*. The fact that this is well established by those who make money on the teaching of algebra is never brought up by the *New York Times*, which published a lead article on the report, or by anyone else, it seems.

My favorite part of the *Times* article was the following:

> Dr. Faulkner, a former president of the University of Texas at Austin, said the panel "buys the notion from cognitive science that kids have to know the facts."

Dr. Faulkner, let me point out, is a chemist, and I am pretty sure he doesn't really know much about cognitive science. But cognitive science has been used of late to justify a great deal of what is wrong in education. E.D. Hirsch, an English professor at the University of Virginia, made a career of making lists of stuff every kid should know. When cognitive scientists trashed this work as nonsense, he cited the idea that one needs background knowledge in order to read, which is both true and a product of various works in cognitive science.

Hirsch was made to look like a fool so often that he resorted to hiring a cognitive science professor at Virginia, who has written a book justifying the same nonsense with more cognitive science facts.[2]

There is plenty of work in cognitive science that shows that background knowledge helps people interpret the world around them, and thus reading, for example, is facilitated by having knowledge about the world about which you are reading. This idea, however, does not imply that ramming facts down a kid's throat is the way for them to acquire that background knowledge. Knowledge acquisition is a natural result of engaging in cognitive processes that are being employed to satisfy a truly held goal.

If you are trying to find your way around a city, you will learn the streets of that city and develop what is called a cognitive map. If you try to memorize those same streets, it simply won't work. Real knowledge is acquired as a natural part of an employed cognitive process in service of a goal. But Hirsch and Willingham know nothing about cognitive processes. They only know, and talk about, how best to acquire more facts. Politicians listen to them and there are more tests to make sure those facts have been acquired. No one remembers Algebra II or much about the Founding Fathers because that stuff is mostly facts acquired independent of any real goals that will employ those facts. Knowledge is not the real issue in education or in mental life. The real issue is developing facility with doing various cognitive processes. Knowledge comes along for free with practice of these processes in specific domains.

There is no evidence whatsoever that accumulation of facts and background knowledge are the same thing. In fact, there is plenty of evidence to the contrary. Facts learned out of context, and apart from actual real-world experience that is repeated over and over, are not retained.

Why don't kids like school? Because we teach them knowledge that they know they won't need. How do they know this? They know that their parents don't know this stuff—that is how. Many kids don't like math much and it is clear why. They find it boring and irrelevant to anything they care about doing. If we think math is so important, then why not teach it within a meaningful context, where it actually is used? There is plenty of evidence that shows that teaching math within a real and meaningful context works a whole lot better than shoving it down their throats and following that with a multiple choice test. But for the vast majority of citizens, Algebra II is never used.

There is no evidence whatsoever that says that a nation that is trailing in math test scores will somehow trail in GDP or whatever it is we really care about. This is just plain silly, but we keep repeating the mantra that we are behind Korea in math as if it has been proven that this matters in some way. Nothing of the sort has been proven. What is true is that there are a great many vested interests that need to keep teaching math: tutoring companies, testing companies, math teachers, book publishers, and many others who make lots of money when people are scared into thinking that their kid won't get into college because he or she is bad at Algebra II. Nearly every grownup has forgotten whatever algebra he or she ever learned to pass those silly tests, so it is clear that algebra is meaningless for adult life. Any college professor who is honest will tell you that algebra almost never comes up in any college course, and when it does come up it usually needn't be there in the first place.

So, math isn't important and history isn't important. What is important?

Tests. Tests are very important. Not to me, of course, but my vote isn't being counted.

The past two presidents have been obsessed with raising test scores. I am assuming this is true because some political analysts somewhere have determined that the general public believes in the significance of raising tests scores and will vote for politicians who are able to show that they have done it. There can't be any other reason. Try taking those tests. Most of them are available online. See how well you can do at them.

But what could really be wrong with testing and emphasizing test scores?

TESTING TEACHES THAT THERE ARE RIGHT ANSWERS

The problem is that in real life, the important questions don't have answers that are clearly right or wrong. "Knowing the answer" has made school into Jeopardy. It is nice to win a game show, but important decisions are made through argumentation and force of reason—not by knowing the right answer. People who know a lot are generally quite smart. I could do well at Jeopardy as could most professors, I would think. But we are not successful intellectuals because we know a lot of facts. We know a lot of facts because we are successful intellectuals. People have got this backwards.

Consider athletes. A great baseball player and a great basketball player, it can be assumed, also will be very good at lifting weights. But they did not become good at lifting weights and then become great athletes. It was the other way around. They had a natural talent for hitting a ball or shooting baskets and then they had to get stronger in order to compete with others who had the same talents. The talent is the reason—not the weightlifting. Michael Jordan, a really great athlete, couldn't become a successful baseball player because he couldn't hit a curve ball. That talent had nothing to do with the athletic ability that made him a great basketball player. Hitting a curve ball is a different kind of talent. His weightlifting ability was the same either way. I know a lot of facts and I am talented at designing educational software. The facts I know do not help with the talent. But the more educational software I design in different domains of knowledge, the more facts I pick up.

When we look at people who are knowledgeable and confuse that with people who can think well, we totally miss the point about education. Education ought not be focused on imparting facts any more than athletic training ought to be focused on weightlifting. You learn to hit a ball by hitting one and you learn to think clearly by thinking. Focusing on the 12 cognitive processes I have outlined, rather than focusing on fact acquisition, helps one learn to think.

TESTING TEACHES THAT SOME SUBJECTS ARE MORE IMPORTANT THAN OTHERS

The tests are small in number. If there were thousands to choose from, then perhaps people could get tested in fiber optics instead of history. But the system has determined which subjects are the most important. The system made that determination in 1892. Some things have changed in the world since then. There are a few new subjects—psychology, computers, medicine, business, and law, for example. Many new sciences and social sciences came into being after 1892. But none of those will ever make it into the sacred group of math, science, English, economics, and history because everyone seems to think that the big five were handed down on tablets to Moses.

And everyone is sure that their favorite subject is the most important one, be it history, literature, math, or science. Math and science are having a big moment as I write this. We hear that the nation does not produce enough students interested in math and science. Something must be done.

I was a math major in college. I got 98 on every math Regents test offered. (I lived in New York where testing ruled in the world in the 1950s too.) My mother always asked where the other two points went. I grew up to be a computer science professor. I am not a math phobe. But neither am I a math proponent. I have never used math in my professional life.

I always start any discussion on education by asking if the person I am talking with knows the quadratic formula. One out of one hundred knows it. (The last few times I asked, the people included the head of a major testing service, the governor of a U.S. state, various state legislators, and 200 high school principals.) Then why do we teach this obviously useless piece of information to every student in the world? Because math is important, of course.

Why?

As a person who was involved with graduate admissions for 30 years at three of the top ten universities in the country, I know what this hysteria is actually about. Nearly all applicants to graduate computer science programs (which is what I know—but it is true in most fields of engineering and science) are foreign nationals. We wonder why American kids aren't interested in these fields—which is a reasonable enough question. But then we have come up with an extraordinary answer.

What we say is that we must teach math and science better in high school when what we mean is that it would be nice to have some more American-born scientists.

Do we really believe that the reason that there are so many foreign applicants to U.S. graduate programs is that they teach math and science better in other countries? China and India provide most of the applicants. They also have most of the world's people. And many of those people will do anything to live in the United States. So they cram math down their own throats, knowing that it is a ticket to America. Very few of these applicants come from Germany, Sweden, France, or Italy. Is this because they teach math badly there or is it because those people aren't desperate to move to the United States?

U.S. students are not desperate to move to the United States, so when you suggest to them that they numb themselves with formulas and equations, they refuse to do so. The right answer would be to make math and science actually interesting, but with those awful tests as the ultimate arbiter of success, this is very difficult to do. Math and science are not important subjects. There, I said it. Start the lynching. One can live a happy life without ever having taken a physics course or knowing what a logarithm is.

But being able to reason on the basis of evidence actually is important. You cannot live well without this skill (or any of the other cognitive processes I have been writing about). Diagnosis is science as it actually is practiced by scientists. Science is not a bunch of stuff to be memorized. It is the fact-based tests that cause this problem. We don't need more math and science. We need more people who can think.

TESTING FOCUSES TEACHERS ON WINNING NOT TEACHING

Many teachers are extremely frustrated by the system they have found themselves a part of. They cannot afford to spend time teaching a student or getting a concept across if the issues being taught are not on the tests. They are judged on the basis of test scores. So any rational teacher gives up teaching and becomes a kind of test preparation coach. Testing has become a kind of contest between schools, much like football. I like football. But the football mentality that envelops our concept of schooling is a disaster.

Take a look at this excerpt of an article taken from my local paper. What our educators are worrying about is winning the game. Unfortunately, the game has nothing to do with educating students and everything to do with test scores, which are probably less valuable than football scores in predicting anything about the future of children's lives.

> Martin County School District won't settle for B
>
> July 27, 2007
> STUART—The Martin County School District was just short of earning a perfect report card from the state in late June.
>
> But the district, which earned 18 A's and one B, has a chance to earn straight A's. School officials are appealing J.D. Parker School of Science, Math & Technology's B grade. The Stuart elementary school had enough points to be considered an "A" school, but because the lowest 25 percent of the school's students didn't make learning gains, the state dropped the grade to a B.
>
> . . . .
>
> Martin had the second-highest percentage of A schools among the state's 67 counties. Gilchrist County had the highest percentage of A's, though the county in northeastern Florida only has four schools.
>
> The district is also filing an appeal for Warfield Elementary in Indiantown. The school received an A, but did not make adequate yearly progress under the federal No Child Left Behind Act, state data shows.

The result of all this is that teachers are now being "held accountable" for their teaching, which is another way of saying, *Get those test scores up or else.*

The following is from an article on the front page of the *New York Times* (December 23, 2007):

> Mr. Obama, for instance, in a speech last month in New Hampshire denounced the law (NCLB) as "demoralizing our teachers." But he also said it was right to hold all children to high standards. "The goals of this law were the right ones," he said.
>
> When Mr. Edwards released an education plan earlier this year, he said the No Child law needed a "total overhaul." But he said he would continue the law's emphasis on accountability.
>
> And at the elementary school in Waterloo, Mrs. Clinton said she would "do everything I can as senator, but if we don't get it done, then as president, to end the unfunded mandate known as No Child Left Behind."

> But she, too, added: "We do need accountability."

Accountability must play well in Peoria because every politician is for it.

Accountability must mean to voters, I assume, that teachers will be measured by how well they teach their students. Political candidates, always willing to hop on an uncontroversial point of view, are all quite certain that the voters know what they are talking about. No matter how stupid NCLB is, no matter how mean spirited, no matter how awful for both teachers and students, its very horror rests on the premise that no one seems to be disputing that the federal government has the right to tell the schools what to teach and to see whether they are indeed teaching it.

How is this premise wrong?

- It assumes that all schools should teach the same subjects.
- It assumes that some subjects are more important than other subjects.
- It assumes that all important subjects can be easily tested.
- It assumes that seeing who did better than whom in school is an intrinsic part of the educational process.
- It assumes that all children have the same educational needs.

Let's take them one by one.

ALL SCHOOLS SHOULD TEACH THE SAME SUBJECTS

Why is this wrong?

First, it is wrong because subjects aren't what should be taught. But even if one follows the view presented in this book that the issue is cognitive processes and not subjects, cognitive processes need to be applied to actual domains, that are relevant to the life of the student.. Kids in New York come from, and will live in, a different world than their compatriots in New Mexico. In New Mexico, I was asked whether we could teach casino management and land use. Yes, we could, but not if there is federal accountability about algebra and 20 other subjects that make it impossible to fit these subjects in.

SOME SUBJECTS ARE MORE IMPORTANT THAN OTHER SUBJECTS

Yes, we have electives. But they don't matter. Because accountability means making sure that we first teach what does matter. What matters is the stuff that we are holding people accountable for. Since this seems to be math and science these days, for no good reason I can discern, this means that we will get to the stuff that would excite kids and keep them in school, and might teach them some job skills, after we are done with the important stuff. But I am certain that none of the politicians mentioned in the Times article knows the quadratic formula or the elements of the periodic table, which is, of course, the stuff of accountability since it is so easy to test. Then how can that be the important stuff?

ALL IMPORTANT SUBJECTS CAN BE EASILY TESTED

Yes, there are right answers in math. But are there right answers in whether we should have invaded Iraq? No? Does that mean we can't teach how governments actually work and how to get reasoned arguments to be heard? Is there a right speech political candidates should make? Does that mean we can't ask students to give speeches because we can't easily assess them? Do we teach only subjects for which there are clear right answers? We do now, which is one reason why school is a deadly experience for one and all and will remain so as long as accountability is the key word in government.

SEEING WHO DID BETTER THAN WHOM IN SCHOOL IS AN INTRINSIC PART OF THE EDUCATIONAL PROCESS

It really is all about competition, isn't it? Bush, both Clintons, and Obama are all the winners of the school competition. They went to Ivy League schools, which seems to be the real issue for most parents. I taught at Ivy League schools and I was profoundly unimpressed with the test- taking, grade-grubbing students I found there. The goal of education is not to say who won, and it is not to tell Harvard whom to admit. The goal is provide real-world skills, some of which may not be so easy to assess until the graduate actually shows up in the real world.

ALL CHILDREN HAVE THE SAME EDUCATIONAL NEEDS

There is more than a 50% dropout rate in many high schools because we have forgotten that not everyone is going to Harvard and that going to Harvard is not the goal of education. Some children simply need to learn about ethics and business and child raising and how the legal system works, how to take care of their health and how to understand when politicians are saying things that make no sense. Why wouldn't those subjects be critical? No politician seems to think any of those are more important than math and science. How about the student who has a passion for the environment, or doing social good, or being a good parent, or running for office? Does every student's school life have to be the same?

STUDENTS LEARN THAT MEMORIZATION IS MORE IMPORTANT THAN THINKING

In an answer-obsessed world, "go figure it out for yourself" or "go try it and see what happens" are replaced by more memorization. Giving kids a chance to fail helps them learn. Actively preventing failure by telling the right answer just helps kids pass tests. In each of the cognitive processes that I presented in Chapter 4, failure is not only an option—but it will happen all the time. One's first hypothesis will be wrong. One will plan badly or botch a negotiation. These processes are all about failure, not right answers. Recovering from failure, getting better next time, is what learning is all about. Learning entails failure and cannot happen without it. The kind of failure I have in mind here is expectation failure. This means that we can fail even when we succeed, because we didn't expect things to happen quite like they did. Our predictions are often wrong. We work at getting better at making them and explaining to ourselves why we were wrong. This process of expectation failure followed by explanation is at the heart of learning. That's what learning is all about. Memorization has nothing whatever to do with learning, unless you want to become a singer.

How can we offer new curricula and new ways of learning if no matter what we do children must pass algebra tests? Each administration says over and over again that science is important, but since science in high school is defined for the most part by boring tests of vocabulary terms and definitions, who would be excited to learn science? If a really good scientific reasoning curriculum were created, the schools could not offer it unless it helped kids pass the very same tests that that curriculum was intended to replace.

We must make radical change. The only way to do that is to stop focusing on teaching subjects and stop using the fact-based tests are the natural end result of that focus on subjects.

An education system based on cognitive processes would look very different indeed.

CHAPTER 8

New Curricula for a New Way of Teaching

> A smart man makes a mistake, learns from it, and never makes that mistake again. But a wise man finds a smart man and learns from him how to avoid the mistake altogether.
>
> —Roy H. Williams

How do we put all this into practice? First, let's make sure we avoid creating departments around each of the 12 cognitive processes. The organization around subjects, which is the basis of how our schools are organized, is the source of the problem in both universities and high schools.

Subjects create departments. Departments in universities are a serious problem for students and administrators. They represent silos where decisions are made that will help the department prosper. Departments lobby for their courses to be required so they can hire more faculty. They make sure majors in their departments follow certain rules for graduation that are intended to make students scholars in their field rather than practitioners. Departments are the reason students graduate without job skills. Faculty are almost always against practical training. English departments have to be forced to teach students to write. Computer science departments have to be forced to teach students to program in a way that would make them hirable by industry. Psychology departments avoid teaching clinical psychology, which is really what students what to learn more about.

For about 10 years I have been building new online story-centered curricula. The idea behind a story-centered curriculum (SCC) is that a good curriculum should tell a story. That story should be one in which the student plays one or more roles. Those roles should be those that normally come up in such a story. These curricula are intended to teach students how to actually do something. The roles students play in the story are ones that a graduate of such a program actually might do in real life or actually might need to know about (possibly because he is likely to manage or work with someone who performs that role).

Stories have been at the center of human consciousness for a long time. People tell stories, and the stories they tell shape who they are. People hear stories and remember those that resonate deeply with them. And, people live stories. The stories they live become part of them in a deep way. While we may easily forget everything about a traditional course we took in high school, we can hardly forget the roles we have played in real-life experiences, especially when those roles went on for a long time and had emotional impact on us.

The central argument here is that good education requires good stories—not solely stories that one is told, however. A good education relies on the creation of stories that a student can participate in and feel deeply about. This means that those stories must include others who are playing roles the student will have to deal with on the job, and that the roles the student plays in the stories must relate to the current or future roles that the student intends to play in his or her career.

The SCC is inherently goal-based. The goals must be those that a student has already. For small boys, for example, it can be assumed that the idea of building a truck or designing an airplane is an activity that would grab their interest. For older students, these would be ones like current or future job assignments. In an online world, it is quite possible to create hundreds or thousands of choices and allow students to pick what they want to do—not what they want to study, but activities that genuinely excite them.

The SCC is inherently activity-based. The tasks that constitute the SCC must relate to goals that the student has and the tasks that people actually perform in the roles that the student will play when the training is completed. Thus, an SCC is made up of a set of real-life types of tasks that make up the bulk of the work done by the student, and a set of events that occasionally interrupt or augment those tasks.

Thanks to a grant from the Kauffman Foundation, we built a full-year (all day, every day) high school curriculum in health sciences. This would be, ideally, used in a high school that offered perhaps over 100 full-year curricula. Students would choose four that they liked and after completing them would graduate from high school. All of the curricula would teach what it is like to live in a part of the real world, as well as allowing for practice in the 12 cognitive processes. It takes a while to build these SCCs and they are quite expensive to build, but they cost less than building a new school, so the money could easily be made available.

Let's look at the health sciences curriculum we built.

The year in health sciences comprises nine "rotations," each lasting 3 to 4 full-time weeks on average, in which students experience what it is like to solve the kinds of problems real professionals solve in various specialized fields related to biology and healthcare. These experiences are set in realistic stories in which the students play a leading role. The rotations are conducted consecutively. Students primarily work on assigned projects in teams, although each rotation has independent tasks as well. Each of the rotations was created with the assistance of an expert in each of the respective specialties.

One goal of the curriculum is for students to discover that practicing science is fun and relevant to real-world problems. They also should develop a sense of what it would be like to work as a practitioner in the various health sciences fields, so they can decide whether they might someday like a career in healthcare or biology. Of course, the real goal is to enable practice in the 12 cognitive processes. Let's see how that happens.

The rotations in the year in health sciences are:

1. *Internal Medicine*—Students diagnose and develop a treatment plan for a fictional patient who has a major illness and ultimately requires an organ transplant as a part of his treatment. Students also make judgments about ethical issues related to transplants, following a principled approach to ethical reasoning.
2. *Nutrition Advisor*—Students coach fictional nutritional advisors on their management of teenage clients' nutritional concerns and issues. During the process they also develop nutritional plans for themselves and for a peer.
3. *Super Worm*—Students work for a fictional philanthropic billionaire who asks them to invent ways of modifying the common earthworm so it can more efficiently improve soil to better supply the world with food.
4. *Sports Medic*—Students diagnose and develop treatment plans for patients who have sports-related injuries. In the process students produce in-depth reports on additional issues related to sports medicine.

5. *Designer Genes*—Students consider ethical and political issues related to genetic engineering, for example, cloning, gene therapies, and the manufacturing of drugs. In the process they learn about DNA and the basics of genetic engineering.
6. *Plant Plague*—Students working for a fictional county farming agency are faced with an anomalous powdery mildew that has infected wheat in their local area. They investigate how the new strain of mildew arose and how it spread to this area and crop in particular. They work to develop a treatment for the current crop; then they develop a way to alter the wheat or the way in which it is grown to prevent future fungal outbreaks.
7. *Medical Detective*—Students work with the fictional county medical examiner to conduct medical investigations. They are asked to determine the time and cause of death for various mysterious cases.
8. *Cutting Costs Without Cutting Care*—In this rotation, students consider business aspects related to healthcare. Students play the role of a hospital consultant whose job it is to discern why the hospital is losing money and make recommendations for correcting the situation. In the process they confront ethical issues related to cutting costs in the area of healthcare.
9. *Outbreak*—In this rotation, students work in the areas of infectious disease, epidemiology, and public health administration. They begin by diagnosing the cause of a fictional patient's infection that stems from bacteria in a food item. They then learn that many people across the country have been found with similar illnesses. Students have to develop a plan to manage the outbreak due to the availability of the food item to a wide population. Later they are fictionally hired to develop a readiness plan for a possible worldwide pandemic.

Students spend weeks in each rotation. What do they learn?

Remember, the answer cannot be that they learn about health sciences. Why not?

Because that is really not the issue. No high school student learning a subject really learns that subject. Students forget what they have learned in a day or in a week or a year. Professors always assume that entering high school students need to be retaught the basics. They may pick up the general idea but in reality the content of the subject area is, at best, vaguely understood. What they can learn is that they like a subject or have an interest in learning more.

The only other thing they can learn involves the 12 cognitive processes. So let's look at how the health sciences curriculum covers these processes.

By explicit design, all of the health science rotations emphasize all four of the "social processes." The students work in teams (*teamwork*), sometimes even in collaboration with other teams. The students and teams necessarily try to *influence* one another, *negotiate* with one another, and constantly have to *describe* their points of view and their results. The step-by-step instructions that are part of every rotation explicitly discuss how best to handle this. Now let's look at four of the rotations in detail.

INTERNAL MEDICINE

The essence of this rotation is learning about how to do diagnosis, in this case, of liver disease. Students watch a detailed interview with the patient, select (after some orientation) specific tests to administer, receive the results, and report suggested diagnoses. They must communicate what they have discovered. So they describe the patient's symptoms and must analyze and discuss the causation of the patient's symptoms. Then they begin to plan a course of action. Planning what to do is a major component of this rotation. To do this they must make a judgment as a crucial part of the diagnostic work. They must do this again as well in the ethics unit that occurs later in this rotation. In that unit they undertake a detailed study of both medical and ethical issues in liver transplantation—which is where evaluation comes into play. Here the students become consciously aware of their values as they decide how to influence medical and ethical choices.

SUPER WORM

The students plan carefully for this unit (a hypothetical redesign of the earthworm to make it even more helpful in agriculture). Hypothetical experimentation is performed repeatedly as the students predict the effects of various modifications of the worm's anatomy. Describing their conclusions is important—the project's goals; the worm's anatomy, physiology, and behavior; and the interaction of anatomy and function.

SPORTS MEDIC

The core of this rotation is four athletic injuries. In each case the students examine the patients, describe their observations in detail, and perform a formal differential diagnosis. The students must use judgment and modeling to predict the effect of providing a competitive athlete with an artificial bone implant.

DESIGNER GENES

This rotation has three primary activities. In all three, evaluation plays a role as they discuss genetically modified animals, crops, and muscles. Describing, planning, and influence all are involved as the students prepare a congressman for hearings. All four of the social processes come into play in formal debates.

What should be clear here is that what the health sciences curriculum seems to be about and what it is actually about are very different things. It seems to be about teaching health sciences content, when what it is really about is having students practice various cognitive processes that occur again and again throughout life. This was the goal of the design, pure and simple: to help students practice thinking. It really doesn't matter what arena they are thinking in. We get them interested in thinking by having them think about something that interests them and is connected to a world they may wish to explore later on in life. They may indeed learn something about that world as well, but the point is the cognitive process-based education, not the subject-based education.

I thought of the idea of building SCCs instead of using the normal set of courses that constitute most students' school year when I took a job with Carnegie Mellon University (CMU) as the Chief Education Officer of its new West Coast campus, located in Silicon Valley. There were no faculty located at this campus, since Carnegie Mellon is in Pittsburgh. I took this as an opportunity, not as a problem, since faculty want to teach the way they always have taught. Lecturing is easy and faculty like to do it. Students have learned to cope with lecturing and later cramming for tests, so no one complains much. No one learns much from this, but no one seems to be too concerned about it.

I was asked to design master's degree programs in computer science. It seemed to me that students entered a master's degree program because they wanted to get a good job after graduation, so I asked what jobs they were preparing for as I looked at each Pittsburgh campus program. Even though the faculty in Pittsburgh had been teaching these master's degree programs for years, faculty members were surprisingly unconcerned with what students did after graduation. They just taught their courses, their specialties actually, and assumed the students would find value in them. This seemed an odd state of affairs to anyone who looked at it from the outside, but as professor I know that faculty are rarely concerned with master's degree students at all and naturally wouldn't have given these programs that much thought.

There was a great deal of hostility to the SCCs that were built by my team and me. They were seen as threatening the existing structure of courses and lectures. Nevertheless, the students liked them a great deal and the people who mentored in them, after some initial resistance, began to like them and promote them. This happened in the areas of software engineering and software development.

The faculty in e-business liked what we had built so much that they got rid of the existing course-based, e-business master's degree they had offered in Pittsburgh and now offer only the SCC version on the main CMU campus.

SCCs work and work well. Students learn actual skills and teachers feel like they are helping students do something real. But faculty, who are used to the old classroom-style method, often resist doing the hard work now required of them. This is true for students as well. One mentor in the West Coast e-business program who himself had graduated from the Pittsburgh classroom-based program said that he felt sorry for the kids on the West Coast campus because they had to work so hard. He noted that they were learning a lot more than he did but that he had liked sitting in the back of the classroom and ignoring the teacher. It was much easier and he had done well at that.

A story-centered curriculum is intended to teach cognitive processes, not subjects. Subjects are, of course, covered, but they are not really the point. Certain things need to be done again and again in life, but those things can be learned only in context, not as an abstraction. Different contexts must be provided in order to motivate students and to provide real-world skills that will be remembered, not because they were studied and tested, but because they were practiced again and again.

What is life like in a story-centered curriculum? The first ones we built were built as master's degree programs at Carnegie Mellon's new West Coast campus. Here is Max Soderby, a mentor in the first one of those master's programs, talking about his experience:

> I am almost jealous in a way because I see that they are gaining skills more rapidly than I gained them when I was a student in Pittsburgh at CMU's campus. They get exposure to things that we just talked about in a lecture hall, whereas they are actually doing it: implementing actual software and putting designs into practice. We mostly did homework and talked about it in a lecture hall. So I am jealous in that respect. It is also a lot more work, but that work pays off for the students.

Subject-based education is not really supposed to be training for work. I once proposed to the president of Yale (Bart Giamatti) that we build a master's degree program in an area of computer science that would help get people jobs after graduation. He said that that was training and that Yale does not do training. The academic subjects taught at Yale are meant to produce scholars. But, in a way, he was very wrong. Yale does do training. Yale and almost all other colleges are divided into departments, and a major in a department's subject typically is seen by the faculty as preparation for an academic career in that subject.

The students may well have a different point of view, however. Unfortunately, they come away disappointed. An English major could be hoping to become a journalist, but the education that he will receive is more likely to be appropriate for creating an English professor. A math major may well want to be an actuary, but will not learn actuarial science at Yale. He will learn to be a potential mathematics professor. And, worst of all, in my own field of computer science, the very idea that a Yale degree would make you capable of getting a good job as a programmer is frowned upon by the faculty. They are training computer science professors. This is the logical end result of subject-based training.

Now, what Giamatti had in mind as the end goal of college, training for the mind, is a noble enough ideal, and a natural outcome of cognitive process-based education. The classic liberal arts view of education, one that a reader might think I am not in favor of, is actually a better model than the model that has evolved in the nation's top universities. The idea that you should try thinking in a variety of fields is a better plan, and one more in line with what I am proposing here, than the model that exists on most universities' campuses. The latter model, the one that makes students major in a subject and thus supposedly become prepared to work in that field, is really just a big lie.

There is nothing unusual here. Here again, is a statement from the Ivy League professor whom I quoted earlier:

> There is an unspoken rule at places like my university that if you are really good, you do exactly what your teacher does.

So what are these schools training students for? It could be only one thing—to become professors. There is no attempt to teach practical real-world applications of the ideas taught in classes, in part because the faculty themselves don't know those applications. Here is the Big Ten computer science professor again:

> There are roughly 60 faculty members in computer science. They cover all the traditional areas of computer science. Ironically, software engineering, which is what 90% of the undergraduates do when they graduate, is not covered. It is not considered an intellectual or academic discipline. It is considered too practical. There is only one software engineering course and it is taught by an adjunct because no one really cares about it.

This is a real problem because (the Big Ten professor again). . .

> There are hundreds of computer science majors here. The faculty doesn't feel it needs to change because there are students

> clamoring for what is now offered. Ninety-eight percent of them want to be programmers. Almost none of them want Ph.D.s.
>
> I cannot go to a faculty meeting any more. I get into a fight at every faculty meeting. I argue about teaching and education and they think they know because they are professors. I cannot subject myself anymore to their abuse.

These problems exist precisely because of the subject-based education system. That system is about factual knowledge, and it is this emphasis on factual knowledge that has given rise to the testing mania that has swept the country. These problems exist because the real mission of the university is very different than the general public imagines.

Here is a quote and a story that I rather like:

> A university is what a college becomes when the faculty loses interest in students.—John Ciardi

> Benjamin Franklin told the story of some Massachusetts commissioners who invited the Indians to send a dozen of their youth to study free at Harvard. The Indians replied that they had sent some of their young braves to study there years earlier, but on their return "they were absolutely good for nothing, being neither acquainted with the true methods for killing deer, catching beaver, or surprising an enemy." They offered instead to educate a dozen or so white children in the ways of the Indians "and make men of them."(From *Benjamin Franklin, An American Life*, by Walter Isaacson)

What has changed? Key life skills no longer include catching beaver. Otherwise, things are pretty much the same. Change "catching beaver" to any modern daily skill, and Franklin's story is just as valid today.

What do students really learn at a great university? Parents never really ask this question. They just know that their kid got into a good college and that their child is lucky to go there.

Should you avoid sending your child to top schools because they don't teach so well there and really don't plan to improve the situation any time soon?

No. Of course not. If your child gets into Yale, send her there. It is a great place. But you should know what Yale actually has to offer and what it doesn't.

> If your child wants to be a professor, Yale is the place.
> If your child wants to be an intellectual, Yale is the place.
> If your child wants to go to law school, Yale is the place.
> If your child wants to hobnob with the best and brightest, Yale is the place.
> If your child wants to have a fun time for 4 years, Yale is the place.

Then what is wrong?

There is a problem only if you think that there is a different reason to go to college than the reasons I have listed above.

Oh. There is this other problem. Many of the other 3,000 colleges are trying very hard to imitate Yale. They attempt to provide similar experiences and they can't pull it off. Yale is a unique place. The nation can afford only so many unique places, however. We cannot afford having the main university of a state thinking it is Yale, as my state university friend suggests. If every university has as its main focus research and not education, then the best and brightest of each state will be trained, not necessarily willingly, to be academics rather than practitioners. There will be a great many students who came to school for an education that will help them in their future lives who will be disappointed to find out that that is not the type of education being offered.

Professors at Yale are playing the prestige game. Unfortunately, they are hardly alone in this.

My state university professor again:

> We definitely want to be part of the superstar system but we have no superstars. If we had them, we would probably lose them to Harvard and Yale anyway. Nevertheless, we are obsessed with the National Rankings put out by places like *U.S. News and World Report*. Faculty and deans say they are not obsessed with them, but rankings are an important part of the evaluation process and shape a department's growth. We want to be in the top 4 or 5 universities. We are not but that's what we want to be.

U.S. News and World Report's annual rankings weigh heavily on the minds of the faculty and administration of universities who are in the prestige game. These rankings are based on numbers: average SAT scores of admitted students, average rank in class of admitted students, faculty publications, and many other numbers that come out in favor of research universities with world-class faculty. But world-class faculty means faculty who care about research and not about teaching. While there certainly is no harm in going to Harvard or Yale, the success of their students hardly depends on what they learned in those places and depends a great deal more on the fact that the best and the brightest are the ones who go there in the first place.

These places get away with teaching courses in obscure issues in literature and history, or in economic theory or in complex mathematics, by pretending that they are really teaching students to think. But does knowing obscure information necessarily imply that one is a good thinker?

A good thinker, I claim, would be good at each of the 12 cognitive processes.

What does it mean to be good at prediction, for example? Is a 2-year-old good at prediction? Is a dog good at prediction? Is a professional gambler good at prediction? Is a stock trader good at prediction? Is a mother of a toddler good at prediction? Is a politician good at prediction? Is a scientist good at prediction?

We actually are quite good at assessing the ability of others at prediction precisely because we have data to support our conclusions. We know how good gamblers or stock traders are at predicting. If they are very successful, we can say they are brilliant at what they do, or we can say they are lucky. Those are our choices.

The same is true of scientists. Most scientists make predictions, and those that are proven right are seen as brilliant. Luck enters into science as well and quite often scientists say that a given Nobel Prize winner was lucky and isn't really all that bright.

Dogs are seen as being smart (for a dog) when they can correctly predict the arrival of their master or bad weather or threats, and are seen as stupid when they bark at thunder. Their behavior is seen as stupid precisely because of the erroneous prediction that barking will scare the thunder away. A dog's inability to predict is exactly why we think dogs are dumb animals, and when they surprise us with an accurate prediction, they are seen as smart. Of course, we don't expect dogs to predict who will win the big game. We know their limitations.

But it is not only the accuracy of predictions that factors into our sense of a person's or an animal's ability to think. We say that a person is intelligent even when he predicts badly, if he gives good explanations for his predictions even though they don't pan out.

So when a sportscaster gives his prediction about the outcome of an upcoming game, we think he is intelligent if he has thought it out carefully, and if his explanation is coherent, and if his reasoning is sound, and we give extra credit if some of his ideas are surprising in some way. So, even if he subsequently turns out to be wrong, we still think he is good at thinking.

But prediction is actually quite complicated to judge. We respect great predictors. We think people who can predict well, especially those who can explain their predictions well, are very intelligent. But, often, we see intelligence when it may not be there. The reason is scripts. And we may fail to see it when it is there. The reason for that is explanations.

Scripts and explanations are at the beginning and at the end of intelligent behavior. What do I mean by that?

When a child is learning about the world, she is learning the scripts that commonly are followed in the world that she inhabits. I have explained this at length in two different books,[1] so I will just summarize here.

Scripts tell us what will happen next in the aspects of the world that repeat frequently. Anyone who goes to a restaurant knows that when you order food, someone will bring it to you and later you will be expected to pay for it. There are lots of variations on this standard restaurant script, however. It doesn't work quite like that at Burger King. The script is different but there is a script there too and we learn it if we frequent Burger King. The restaurant script has many variations and we are initially confused when we encounter a new one, but we learn through repeated practice. And, we generalize so that we can understand that the McDonald's script is pretty much the same as the one at Burger King.

We can predict what will happen next in the world based on experiences we have repeated. Following scripts is so normal that it is not seen as a sign of intelligence to be able to do it. We don't exclaim: Wow, he predicted that the waitress would bring what we ordered and she did. Amazing!

But the opposite is certainly seen as a sign of stupidity. Once one has experienced something many times, one should know what will happen next in that arena. Dogs usually know the scripts that pertain to them, as well. They know which merchant will have the dog biscuit for them, for example.

People seem astonishingly dumb when they can't predict what is obvious to everyone else. Not knowing what will happen next in a script you don't know, because you don't have the relevant experience, means nothing at all, of course. The question is: If you have experienced something repeatedly, why haven't you figured out that what you have seen before will happen again?

Script following is, therefore, a sign of intelligence but a very limited one. We can blindly follow a script, and this can make us seem dumb indeed. Since scripts vary one from the other in many ways, the ability to see the nuances makes all the difference. Expecting that a fast-food restaurant will be the same as a three-star Michelin restaurant because it is a restaurant after all is what makes people seem stupid. Failing to make the right generalizations indicates a lack of thought.

The real question is this: What do you do when your script fails? This is important because scripts fail all the time. You expect something to happen and it doesn't. You love the cheesecake at Lindy's and suddenly it doesn't serve cheesecake. Or you find that Lindy's is now out of business. What do you do? People recover from script failure on a daily basis. How they do this tells us a lot about how the mind works.

When people refuse to abandon the generalizations they have made, they immediately are perceived as being stupid. When a medical assistant asked me the other day about the upcoming Thanksgiving holiday, I responded that I would be eating duck instead of turkey. She said that sounded awful and that duck was greasy and gamey and it sounded like a terrible idea. I asked her if she had ever eaten duck and she said no because it was game and she hated game. I told her it wasn't gamey. She refused to believe me. I was about to recommend trying magret de canard but thought better of it and asked if she had ever eaten in a French restaurant in her life. She said that she hadn't.

People who have scripts often generalize them so that in their own minds they experts on things that they have never experienced. This is what stupid looks like.

On the other hand, we might wonder what smart looks like. Let's imagine the same woman with the same beliefs hearing me say that duck was not gamey or greasy. Intelligent people respond, when they are confused, or when a long-held belief is challenged, with a request for evidence. She might have asked where she might try duck or what duck tasted like since she had not understood it correctly. She might have allowed for the possibility that she was wrong and asked to know more. But she didn't. People who aren't intellectually curious rarely do.

This kind of dull thinking is not so much a matter of genetics as it a matter of not having been educated properly. And, that is, of course, the real issue here. If a child grows up in a world where questions are expected and where long-held beliefs can be abandoned because of new evidence, he will seek such interactions. But a child who grows up in a world where adults set themselves up as knowing everything and no one's beliefs are ever questioned, you will get mindless behavior like this.

Of course, it doesn't matter if this woman doesn't try duck. It is likely, however, that this behavior pattern—learn rules and never question them—pervades her life. This leads me to my main point.

Scripts are great things to have. They get you through the airport. They get you through Burger King. They get you through most of the mundane aspects of life. But scripts need to be modified. They fail all the time. The airport starts a new check-in procedure. The restaurant you always go to deletes your favorite item from the menu. The store you always shop in is getting very crowded. At some point we encounter script failure and we deal with it. The question is how.

We deal with script failure using two key procedures. It is our facility with these procedures that differentiates intelligence from stupidity. Thinking depends on them, and everyone must do them when trying to think. But not everyone does them well.

The procedures are:

Generalization
Explanation

These are not new ideas in the context of this book. Explanation is one kind of describing. Generalization is the method by which we do prediction, make judgments, do diagnosis, and determine causation. We generalize whenever we try to think.

This entire book is a generalization. It is an attempt to make sense of a vast array of information. That is what generalization is all about. The book is also an explanation of the generalizations I have found to be true. At the core of thinking, you find generalization and explanation. But it is important to remember that what starts the process of generalization and explanation is failure. Without failure we don't try to generalize and explain because we have nothing to generalize and explain. Thinking, therefore, looks like this:

Make a prediction
Prediction fails
Make a generalization
Explain your generalization
Make a new prediction

Let me explain how this works and why one cannot think well if one cannot do this. To explain, I will tell a personal story relating to my own thinking and learning with respect to two of the twelve cognitive processes. I will explain afterwards why I have chosen to tell stories and why I have used personal ones.

DESCRIBING

Let's start with describing. There is, of course, an art to describing. Anyone who writes and anyone who speaks publicly is learning all the time about describing. Since I was a professor for 30 odd years, and since I have written hundreds of papers and about 25 books, and since I have given numerous keynote speeches around the world, I have been thinking a great deal about describing for many years. I learn something whenever I speak publicly because I can easily tell whether I am being heard or not. Are the listeners on the edge of their seats or are they half asleep (or literally asleep)? I learn when I write because I read the reviews, and colleagues are always happy to tell me what was wrong with what I wrote.

Once, I was given a lesson in public speaking by someone older and wiser than me that I never forgot. I recently had been hired at Stanford as a professor. I was pretty young (22) and full of myself. In those days, the Computer Science Department ran a course for new graduate students that served as an introduction to all the special research possibilities in artificial intelligence for those who wanted to enter that field. There were many faculty in AI at Stanford and each got a week to talk about what his work was about. The goal was to try to convince students to sign up for a special research seminar with that faculty member the following quarter.

My champion at Stanford was a psychiatrist named Kenneth Colby. He invited me to share his week and thus we would be a team for which students could sign up the following quarter. I listened to his talks to the students. He was very funny but rather light on content, in my opinion. I wasn't impressed. But, after I spoke, he said something to me I never forgot. He said: If you try to say everything that you know in an hour, either of two things is true. Either you can do it and therefore you must not know very much, or else you can't do it and you will talk way too fast trying to fit it all in and you will be generally incomprehensible.

I listened to what he had to say, but I wasn't sure he was right. At the first meeting of our jointly run seminar, we discovered that we had won the student jackpot. While other faculty had gotten four or five sign-ups, we had gotten 25. I was very proud of myself until the students went around the table to say who they were and why they had signed up. Not a single one of them had signed up because of anything I had said. They had been mesmerized by Colby.

Then I reheard in my head what Colby had told me the previous quarter. He had entertained them—not overwhelmed them. They thought he would be interesting and fun and they wanted to work with him. While I had looked down on his lighthearted presentation style, it turned out he knew what he was doing.

So, what did I learn and how did my thinking change? Thinking, as I said earlier, looks like this:

Make a prediction
Prediction fails
Make a generalization
Explain your generalization
Make a new prediction

What was my prediction? I had predicted that speaking quickly with a great deal of brilliant content would woo the incoming students. This was simply wrong. I needed to make a new generalization. Fortunately, I did not have to do the work myself. Colby had helped me by supplying a generalization that he believed to be true. (Good teachers do exactly this: They supply generalizations when a student needs one and cannot come up with one by himself after a prediction that he made has failed.)

The generalization that Colby supplied was, more or less: Be entertaining if you want to attract followers and be listened to.

Was he right? Is this a good generalization?

The next step in thinking is: Explain your generalization. What this means here is that I needed to understand why this might be true. If possible, one wants to test out the new hypothesis. Fortunately for me, I had many opportunities to speak in public over the next 40 years. I tried many different methods of teaching and lecturing. Entertaining always works. Colby was right.

But I said that one needs to explain why it works. This is my explanation: People have trouble paying attention to someone who talks for an hour. Human beings are not built for this. Our ancestors certainly didn't listen to lectures. People communicate best by asking questions and interrupting. Since this isn't possible in a lecture, any questions they might ask, they ask themselves and try to answer. While they are thinking about what a speaker says, the speaker keeps on talking. No one can really hear a lecture, in my opinion. So, a good speaker, recognizing this, does not try to make the audience do that. He makes them laugh, he paints interesting pictures for them to ponder, he amazes them perhaps, but he does not try to get them to, nor does he expect them to, remember all that he has said. The less content, the more likely they will remember. Colby knew all this. I learned it over time. He jump-started my thinking.

By now, this new generalization of mine, together with my explanation, is part of my core beliefs. But any belief can be challenged by reality. And, any new belief generates new predictions. So I predicted that if I was funnier when I spoke, people would appreciate what I said more. I also predicted that if I didn't speak much in a graduate seminar and let students argue with one another, they would get more out of it. After 40 years I still believe these things. But, and this is the important part, there are nuances upon nuances about all these issues in my memory. I need to explain it simply when I write or speak about it, but when I think about it, I recall all kinds of exceptions and caveats. I know, or at least I think I know, a great deal about speaking and have lots of memories about specific successes and failures. Thinking and learning require one to recall one's experiences, analyze those experiences, come up with new hypotheses about failures, make new predictions, and be prepared for these predictions to fail. This is what thinking looks like no matter which cognitive process is being thought about and practiced.

DIAGNOSIS

Now let's talk about diagnosis. Again I will start with a story. This is one I have been telling for a long time because it informs us about how the mind works.

I was discussing with my colleague (Bob Abelson) how it could be that my wife could not seem to make steak rare (as I like it—she is no longer my wife, but not because of this). Bob responded that he couldn't get his hair cut as short as he wanted in England 20 years earlier.

This seems on the surface to be a rather odd response, but when we look deeper we can see that I was saying something like, She could do this right if she wanted to, and he was thinking, Maybe she thinks the request is too extreme, as happened to me with a barber in England many years ago.

Matching odd situations to other odd situations and seeing the similarity is what creative thinking is all about. Bob was trying to diagnose a problem that had been on his mind for a long time, and my new story provided him with new evidence to think again about what the proper diagnosis might be. This is what thinking looks like. It is also what reminding looks like. People get reminded precisely because they are trying to match a new situation to one they already know about and thereby determine what to do next. To put this another way, diagnosis depends on prior diagnosis. We constantly are trying to improve our diagnostic capability because we always strive to make better decisions no matter what arena these decisions are in. The fact that the improvement of diagnostic capability is not explicitly part of each and every curriculum in school is scandalous.

When we design new curricula, we need to ground them in some realistic framework that will enable students to practice things that they might end up doing in the real world. But that does not mean that the real issue in designing these curricula is anything other than teaching thinking, that is, enabling practice in the 12 cognitive processes. However, teaching thinking in the absence of a context that truly interests students is absurd.

CHAPTER 9

How to Teach the Twelve Cognitive Processes That Underlie Learning

> The art of teaching is the art of assisting discovery.
> —Mark Van Doren

We need to completely redefine what we mean by school and what we do in school. We need to think about education in a new way. Rather than wanting people to be educated, which usually means being able to quote Shakespeare or nod sagely when Freud's name is mentioned, we need to expect people to be able to think well. Education would be better defined by defining an educated person as one who can make well-reasoned arguments for what they are about to do.

We must focus on teaching cognitive processes and abandoning the subject-based (and test-based) education system we have now that is clearly failing. The reason we have all those tests is simply because we have no idea how to make people learn all the stuff that is part of that subject-based system without threatening them. No one really wants to learn the Pythagorean theorem or information about the Taft Hartley Act. Let scholars know about these things; the average person just doesn't need to know this stuff.

But all people do know how to find and use the mathematics they need when they have continually practiced it, and they know how to find prior relevant experiences when they have to come up with a new plan they want to propose. That simply does not mean we have to tell it all to them years before they might ever make use of it.

In the age of the Internet, just-in-time learning is a serious reality. We can change things now in part because we have information readily available online. But the Internet has been designed by committee. It has much in it that is nonsense, and finding what you need just in time can be quite difficult. Still, it would not be that complicated to design a different kind of Internet, the moral equivalent of *Encyclopedia*

Britannica, if you will. It would be filled with knowledge from experts that had been vetted by other experts and delivered seamlessly without your having to search for it. You don't need to be a scholar in order to make reasoned decisions. You just need to know how to find information to help you think things out well. This means that learning to think clearly and knowing how to assess the value of new evidence that one has found, must be the main goal of any school system.

When does school start to falter? One way to think about school is to ask about the significance and age-related properties of each of the cognitive processes. Let's see if we can rank the processes in terms of age. Which of these processes would we expect a child who was entering school to already be able to do? To put this another way, a normal 5-year-old:

1. can make some accurate predictions about very simple things, like where his mother might be and what she might be doing and what will be on television
2. would have trouble modeling any process
3. has a limited sense of evaluation but knows what he likes
4. would be able to experiment with simple things like food and toys
5. might be able to do limited diagnosis of what might have gone wrong in a process, but it typically would be limited to explanations that he had heard from someone else
6. might be able to do limited planning based on plans that had been used before
7. might know something about causation because he would have been told about it and remembered what he had been told
8. can make some judgments based on his own tastes and what he has been taught about what is good and what is bad
9. can do some describing, but typically is not at all good at it
10. should be able to influence some people, especially his grandparents
11. should be able to work in a simple team together with kids his own age toward a goal
12. should be able to do some simple negotiation, especially with his parents, siblings, and some friends

So, upon reaching school age, a child can do some of the cognitive processes. Now the question is, How to we teach him to get better at them?

First let's see what the cognitive processes fundamentally have in common. This will give us a way of thinking about how to teach them.

The first and most important thing they have in common is that they all rely on a case base. We have all engaged in each of these processes many times and we have a range of experiences we can call upon to guide us the next time we find ourselves doing them. Each process relies on a story base as well. We can tell stories about interesting experiences we have had in doing each one of them. Stories usually revolve around failures, or at least unexpected results, since without these there are no good stories to tell. Engaging in any cognitive process includes the possibility of making a mistake during the process. We expect to get smarter each time as a result of any mistakes we make. This is what cognitive processes are like. We learn cognitive processes through experience and we index the failures we have so that we can find them again and perhaps avoid making the same mistake. When we avoid an error that we know we have made previously, we say that we have learned.

It follows, therefore, that acquiring a case base, learning the stories of others and learning to tell our own stories, and learning classic mistakes and being able to analyze behavior to find a mistake are all aspects of learning the cognitive processes.

Acquiring the case base and consciously analyzing the cases in that case base, then, is the fundamental issue in teaching the cognitive processes.

HOW TO TEACH PREDICTION

We live in a physical world but we also live in a social world. Children need to understand that if they drop something heavy on their foot, it will hurt; they also need to know that if they do something mean to someone, the person may dislike them for it and may seek revenge. We use predictions to figure out what will happen as a result of our actions and then we use that knowledge to guide us in our future actions. What kinds of predictions do children regularly make, then? And, what can we teach and how can they learn?

1. Children predict the actions of the people that they interact with, but they do not necessarily realize that they do this.
2. Children predict the reactions of objects and actions in the physical world, but they do not necessarily realize that they do this either.
3. Children predict their own feelings and mental states. They do things that they think will make them happy, but they don't necessarily realize that they do this either.

These three worlds, the social, the physical, and the mental, are at the center of what adults make predictions about. We predict the speed of an oncoming car and decide whether we can cross the street safely. Children may not do this so well. We predict what will happen when we scream and yell at someone, but children may not predict this too well either. We predict events that will make us happy or sad, such as taking a nice vacation, or playing a game, or a good meal, or establishing a relationship with another person. Children do not consciously think about such things.

But adults do think about these things, so where do children learn about them? At the present time, the answer is that they learn about them as events happen randomly in their lives. If they are lucky enough to have someone helpful to talk with about their experiences, they may, in fact, become good at analyzing how the world works and making their predictions conscious. Getting better at prediction is the cornerstone of living one's life in a satisfying way. One can, of course, get better at prediction by simply thinking about it—this is how most people do that today, of course. But not everyone is capable of doing that and, clearly, most adults are not all that good at making important predictions in their own lives. (This is one reason that there are bad marriages, financial counselors, clinical psychologists, and prisons.)

What helps teach one to predict is to hear about the experience of others and to be able to reflect on one's own experience. This means that having experiences to reflect upon, and people who are knowledgeable to discuss those experiences with, is at the cornerstone of learning to predict effectively.

This should start as early as 1st grade (or age 5—I don't really believe in grades).

How do we do it? We design experiences for children that are age appropriate and talk about what will happen in those experiences before they do them and how they can learn from and improve upon those experiences after they happen. Then they undergo a slightly more complex experience that builds on what they learned. The process is simple enough. The question is what experiences to design, how to design them.[2]

I should note that prediction is used as a teaching methodology in schools today, especially in reading. I suggested this in a book I wrote about teaching reading in 1978, and since that time (not necessarily because of that book) it has become more common to use prediction to teach reading. Also, high school kids are asked to make predictions in courses that cover current events. Kids predict sporting events or the sex of their in utero sibling.

The idea that kids can make predictions is not a really radical point. My point is that prediction has to be the curriculum, not be ancillary to the curriculum. If we want children to predict well, we need to help them do that. As it stands now, they are on their own. As adults who have not been taught to predict well, they will make poor life decisions, predicting wrongly about how people in their lives (bosses, spouses, children, co-workers, etc.) will behave toward them after they take certain actions, for example. Yes, understanding is improved if one predicts the future actions of characters in a book one is reading—it helps a lot. And, reading is a skill that is very important. But it also helps to understand how to predict daily actions better and how to find out whether you were right and how to explain why you were wrong. Doing this consistently makes you better at predicting something more important than what an author has a character do in a story.

How do we get good at making predictions about the outcome of actions? What outcomes do we need to predict?

Every action we take involves a prediction. When we put one foot in front of the other in an effort to move our bodies forward, we are predicting that this will work, that we won't fall down, and that it won't hurt to do this. Sometimes we do fall or it does hurt. We learn this and compensate next time. This is learning in its most basic form. And obviously, we have been learning about walking since we were very small. We keep learning about walking throughout our lives because things change.

Babies predict what will happen when they cry. They don't start out making such predictions. They learn to expect results that they have already experienced. These are scripts, and I have discussed them at length elsewhere.[3] Scripts are acquired naturally as a result of repeated sequences of events. We predict what will happen next because we know the script. Scripts are not normally taught because they are readily acquired from living. But what if you want to teach them? You might want to teach them in a situation where someone's new job is a script and rather than learn that job from repeated experience, there is a desire to jump-start the process by simply teaching the script. How can we do this?

There is also prediction that is not script-based. In other words, there could well be a script but the predictor doesn't know it. How can one learn to predict well if one does not have a script?

And lastly, there is often the need to predict when there couldn't possibly be a script because what needs to be predicted is novel, at least to the predictor. How can the prediction be made? More important, how can someone be taught to predict in that kind of situation?

These, then, are the three aspects of prediction: learning a script; functioning without a script because it isn't known; and predicting when there is no script.

How do we teach these things? Scripts are learned through repetition. No one seeks to explain to a child that since she will be doing something again and again, she will now memorize the steps before she tries it out for the first time. Instead, we take the child through the steps until she has learned them. There is no need to try to teach a child scripts (such as how restaurants function or airplane rides go or school procedure works). We can say some words about these things, of course, but the learning comes from repeated practice no matter what we do.

Teachers (and course designers) often fail to understand about teaching scripts. Talking about what a student will have to do later will not help that student do what he is being asked to do. We don't learn scripts consciously and thus aren't likely to remember what we are consciously told about what to do. We are conscious when we execute a script—we are thinking about what will happen next—but not so much in words as in expectations of next events. We don't talk about one foot going in front of the other foot or think about it very much. So if a teacher tries to teach us about it, it is doubtful that the words will help us much. Scripts are practiced. We can prepare for them if that makes people happy. We can tell a child what will happen when he rides in an airplane for the first time, but it isn't so that he can do what he is supposed to do so much as to make him more comfortable and less surprised by noises or procedures that might be upsetting. The only way to really learn a script is to do it again and again.

So what does this tell us about teaching scripts? What if we don't have the time to allow a student to practice? This is, of course, what happens in job-training situations. We tell someone what to do and hope they very quickly will learn how to do it. We can't afford weeks of practice. So how do we teach scripts in that case?

The answer to this depends on the number of mistakes that it is possible to make while executing a script. The real issue in script execution is, after all, not knowing the next steps, but knowing what to do (or what not to do) when the script begins to falter in some way. This means that a teacher (or a course designer) must have one question in mind when thinking about teaching a script: What are the most common (and most important) mistakes that are made by novices when they execute this script?

To teach people to avoid mistakes in a script, or to teach them to get out of difficult situations properly, one must practice those situations. This means that script teaching must focus around errors and that it is the job of a teacher to systematically make sure that everything that could go wrong, does go wrong in any practice situation. Teaching scripts means helping the student form a case base of errors and a case base of how to handle them. Here again, this cannot be taught consciously. Script failures must be taught through practice. The students must build up their own case bases by experiencing the problem and then either think their way out of it, or learn standard solutions as a way out of it by practicing them. So, we can speed up the script-learning process by creating a simulation that has every important mistake built into it waiting for the student to trip up and make that mistake.

When a script isn't known and predictions need to be made, the usual human procedure is to adapt on old script to serve as a temporary new one. Never been on a plane but have been on a train? Never been in a fancy restaurant but have been to a fast-food restaurant?

Never been to college but have been to high school? These are situations that happen to people. They usually assume that one is like the other. While this assumption may not work out all that well, it is the best a scriptless person can do in the situation.

A teacher, therefore, can take advantage of this human desire to see unknown A as being like known B. People do this all the time. They assume the girl they just met will behave like the last one they went out with. They assume that their teacher will behave the way their last teacher did. They assume that their new car works the way the last one did. They do this with situations as well. What it means is that people predict on the basis of experience and it is the job of the teacher to help students understand which of their prior experiences is most relevant when they are confused. Doing this is not so easy. But it is possible and it is a proper area for a teacher or a course to focus on.

Here is the process. Students need to be asked what to do in a situation that is new to them. Their natural response would be to rely on prior experience. The teacher's job is to make that reliance explicit. To ask students to say which experience they will rely on for help in the new situation and ask why they think that that particular choice will be helpful. To ask them to analyze the differences between the current issue and the prior script and to predict where the prior script might not work. To ask them to think of alternative scripts that might help.

What I have described here is the basic process of indexing cases and matching cases, which is critical to thinking—especially original thinking. No case is really exactly the same as one that came before. We are used to partial matches when we use an old case to help with a new one. What we are not used to is a discussion of why one match was correct and why another was less helpful. Making case matching a conscious process helps us understand something that we normally do without much conscious thought. People need to learn to rely on partial matches and they need to know how to determine which partial match is most likely. I have referred to this process as case-based reasoning in many prior publications.[4] But I have not spoken about how to teach case-based reasoning. This is where post hoc discussion is very important. An example of such a discussion can be found in a book written by Harvard government professors[5] on the failure of President Ford to choose the right cases to reason from in a crisis. Usually this kind of analysis is done as kind of an afterthought. However, teaching people to do it actually is critical to teaching people to predict properly.

How do we teach prediction when there is no script and there are no seemingly relevant prior cases? In some sense we can't. We can teach people how to go about trying to make predictions. This is actually what science is about. Scientists create theories that make predictions, which they then try to verify with evidence. This process—hypotheses verified by evidence—can be taught in the sense that it is a way of thinking that can be practiced in various venues. It is reasonable to start teaching children to think in this way about the world around them. As for adults, teaching scientific reasoning in the context of corporate training is probably a less than optimal place to start. People in corporations need to be able to reason from evidence and to understand what data would confirm or deny the value of actions they have taken for the benefit of the company. This, of course, is scientific reasoning. But, unfortunately, the people who go into the business world tend to have never practiced scientific reasoning in their educational careers because they weren't interested in science. But they must be interested in predicting well in order to succeed in business.

HOW TO TEACH MODELING

Building a model of a process is very difficult for a child to do and not so easy for an adult to do either. When you teach computer science, you learn this quickly enough. Computer programs are models of processes. People try to write computer programs by creating diagrams that model what happens first and then what happens next, and so on. These models are almost never right the first time.

Programmers learn to debug their programs, which means they continue to try to get their model to be accurate. But most people cannot do this very easily, and it is a very important skill. Knowing how to raise money is important if one wants to start a business, for example. The money-raising process can be understood, but one has to examine it and go through it.

This is just as true of ordering in a restaurant. Children may seem to know about ordering in a restaurant, but they may not understand money or service or having a job exactly and thus may have an erroneous model of the process. Why does the waitress bring food, is a complex question for a 5-year-old, but also an important one. Building models of how and why things work as they do, is significant for children to learn to do.

The way to do this is to look at processes that children engage in during the course of their daily lives and have them first explain how and why the processes work and then try to improve upon them. They could carefully examine the operations of the school cafeteria, for example. Of course, this has to be done in line with the interests that the children actually have. The idea is building the model, not telling them what models they have to build. Every child has an interest—animals, sports, family, cars, dinosaurs, whatever. Children need to learn to model the processes that interest them in order to better understand them and to make them better. Children will learn about the modeling process from working on a car engine, for example, if they are taught to think about what is going on in a deep way rather than just learning a set of facts about how the car runs. This is true in any area of interest, from medicine to government to science.

Adults have a difficult time with models at work, as citizens, at home, and so on. They don't always know how things really work. To get people to be better at understanding the processes that they engage in daily life, they need to be able to model them. This ability has to be taught and practiced early..

Of course, kids have been building models of actual objects for a long time. Using a kit to build a model airplane is fun but it doesn't teach you much about how planes fly. More detailed models of physical objects are very helpful.

Building a medieval castle, for example, sounds like fun to me, and there are things to be learned from doing this, of course. It is a good activity for little kids, but modeling involves social processes as well. Kids need to understand how the world works, so it isn't the castle itself that is so important but perhaps a model of the society around the castle, and the need for the castle, that would matter in this instance.

HOW TO TEACH EXPERIMENTATION

Everyone experiments all the time. We eat foods that we hope won't make us fat or might make us healthy. We take drugs that are supposed to help us, and maybe they do maybe they don't. We try out relationships that may or may not work. We experiment with jobs, hobbies, homes, cars, toys, games, lifestyles, behaviors, hairdos. . . . The list is seemingly infinite.

We may not see ourselves as experimenting when we try out something new. We often experiment ineffectively. Learning to experiment in a reasonable way is yet again something that can be done only through experience. But, in this case, there really is an experimental process to be learned. It can be taught early on by finding simple experiments that small children really are interested in doing—they do not all have to do the same ones since it doesn't matter what they do. They can learn to attempt to control the variables and see what happens in a variety of circumstances. This is, again, the scientific method, but the issue is really not teaching science so much as it is teaching a scientific approach to gathering useful knowledge. What constitutes evidence and how to draw conclusions are the kinds of things that a teacher can help with. Here again, a case base is acquired and relied on throughout this process. The discussion of findings so that they can be mentally indexed is very important part of the process.

But how do we find out what is true? Ask any 5-year-old this question and the answer is not very likely to be, We run an experiment. Ask mommy, is more likely or, Ask the teacher, if the kid is in school.

But, testing hypotheses is a critical part of learning to think. Of course, one has to have a hypothesis first. Children are rarely asked for their hypotheses about things. This is not exactly odd because although children do have them, it is a weird kind of discussion to have with a 5-year-old. Nevertheless, it is important to do. Teaching children to form and test hypotheses is as simple as asking them to do it. But, here again, asking them to do it must be done within the context of something they really care about. There have been many attempts over the course of educational history to teach kids science by having them run experiments; sometimes they are asked simply to replicate old experiments and sometimes they are asked to try new ideas out and figure things out for themselves. While the latter is most certainly preferable, these experiments tend to be about testing water quality, or nutrients in the soil, subjects that are not exactly on the mind of a 5-year-old.

What is on the mind of a 5-year-old? He might be wondering about how to deal with his baby sister. Or he might be wondering how best to throw a rock in order to hit the cat. For many of these things, hypotheses can be formed, discussions about what makes a good hypothesis can be had, and ideas for testing out hypotheses can be sought. Maybe these would just be thought experiments (as in the case of hitting the cat), but thought experiments are important also. Knowing what would confirm or deny a hypothesis is important. Finding out what kids want to get better at is part of the issue here. If they want to learn to hit a baseball, having a theory about what makes a good swing and what makes a bad one may matter to them. The subject matter doesn't matter at all really, just the thinking and the experimentation.

This suggests that the real way to teach experimentation and the other subjects we have discussed here is to group kids not by age but by interests. So, if a child wants to think about dogs all day, group him with a set of other dog lovers and start coming up with hypotheses about dogs' behavior, needs, commands that they might learn, training, breeding, and so on. It just doesn't matter what the subject is at this stage.

Suggestions for kids' science experiments are everywhere. Here is a typical one:

> Gravity
>
> The Earth tries to pull everything down toward its center. This pull is called the force of gravity (the invisible force). When you lift things up, you have to pull against gravity. If you drop a pencil, gravity pulls it to Earth. If you rest its midpoint on your finger, gravity will pull down equally on both sides of the pencil and it will balance in the air.

Here is another:

> Sound and Noise
>
> Have one person fill each of the plastic eggs with a different item. Put some rice in one, some dried beans in another, and so on. Keep track of what you put in each egg by writing numbers on the eggs. Have a different person try to see if he can figure out

> what is inside each egg by shaking and listening to the sound generated. After he takes a first guess, show him the list of what items are in each egg and have him guess again. See if he changes his mind about some of the previous guesses. Now open the eggs and see how close the guesses were to what was actually inside each egg.
>
> Now, let's make a musical instrument called a kazoo. Cut a small square of wax paper about 1 inch larger than the end of the cardboard tube. After doing that, wrap the wax paper over one of the ends of the tube and put a rubber band over the paper to hold it in place. Now, put the open end of your kazoo up to your mouth and hum a tune into it. Notice how the kazoo buzzes and vibrates to amplify (make louder) the sound of your voice.

Of course, this is not exactly what I have in mind when I suggest focusing school on experimentation. Say the word *experiment* and the word *science* usually follows right away. This is unfortunate because most kids won't become scientists any time soon. Also, most kids already know what they are being asked to "experiment" about. They know the pencil falls and they know you can make noise by blowing through things. They may not understand how all this works, but they won't understand much more after doing these so-called "experiments."

Experiments in the larger sense are about attempts to find out what is true about things you are uncertain about. The issue is how to do that when you are wondering about something. To do this we need to constantly deal with what kids are worrying about and ask them to determine how they can find out what is true. This is experimentation that can be helped by teachers. It needs to be individually focused, however. You can't have a class worry collectively about any one thing. Each kid has his own concerns.

HOW TO TEACH EVALUATION

For an issue that is so important to so many people, it is astonishing how difficult this seems to be. Just say no to drugs campaigns don't work and people wonder why. Abstinence campaigns don't work and people wonder why. It is not all that mysterious. You can't teach evaluation verbally. Since children naturally copy their parents, it is not that complicated to figure out where children acquire their initial values. And, since values are not typically stated (my father never said liquor at 5 p.m. is a good thing), it certainly isn't through lectures that we learn values. I learned to drink at 5 p.m. from my father. He wasn't trying to teach me that. I learned to gamble from my father. He wasn't trying to teach me that either. I learned to be argumentative from my father. He wasn't trying to teach that. I did not learn algebra from my father. That, he was trying to teach me.

My son wanted to grow up and sip Pepsi. He told me this constantly as he was growing up. It did not matter that I hadn't drunk Pepsi for 10 years at the point when he was saying that. He was impressed that I had done this when he was 3 and he was frustrated that I didn't allow him to drink it. Presto, another family value is learned.

Children learn the family values that their family actually has. Teenage mothers who warn against getting pregnant at a young age may say that in words, but their actions say that their kid is alive and well and it all worked out.

So, it follows that we don't have to consciously teach values because we teach them without saying a word. Values are held subconsciously and learned subconsciously. We can only hope that we have set a good example. That having been said, there will still be those who ask how we can teach values. You can't expect that "you can't," will work as an answer.

I mentioned in Chapter 3 that there are lots of things that you can't teach. I mentioned honesty as an example. Honesty is, of course, a value. Now let's ask whether you can teach people to be more honest than they are naturally inclined to be. The answer is that to do this, you have to turn a subconscious process into a conscious one. You would need to provide case after case and experience after experience to a student that all led to the conclusion that honesty simply works out better in the long run. This is, of course, what abstinence and *say no to drugs* campaigns endeavor to do. They want to argue kids into believing that things they think are fun, are bad. But how can we make that argument? The argument we can make is that these things aren't as much fun as you think, so try them and see for yourself—but that kind of ruins the basic premise about not doing them in the first place. So, in principle there is no way to argue kids into not doing what looks like fun to them and what doesn't seem to have hurt anyone very much. The idea of showing pain is big in values campaigns. Campaigns against drunk driving like to show students dead drivers and awful car crashes. But they miss the real point. Have the students seen their parents drink and drive or friends drink and drive? Are they dead? If not, these campaigns will have little impact since values are subconsciously held.

There is a way to teach these things but it isn't easy. Imagine that you wanted to teach teenagers not to drive drunk. You could create a simulation of drunkenness that asked students to drive drunk while not being able to hold their heads steady, blacking out from time to time, and seeing very badly. In other words, instilling a new emotion into the mix can alter values. Make people afraid of something they want to do and that fear will manifest itself when it is time to do it. Emotions can be induced into subconscious processes and decision-making through experience. Emotions can change values.

There is a sense in which appreciation cannot be taught. You like it or you don't. I have two grandsons. The 5-year-old (my daughter's child) has announced that he doesn't want to have anything to do with a ball. The 3-year-old (my son's child) goes wild with excitement when he sees ballgames being played and responds excitedly when balls are given to him. What is the difference and how did this happen? The difference is obvious: One appreciates the art of it and one doesn't. How this happened is less clear, but the parenting is very different with respect to balls in each house. There are other, biological differences as well. The 3-year-old has much taller parents and is already the same size as the 5-year-old. He is much more physical as well.

So, the question is, Could we teach the 5-year-old to love balls and ballgames, and could we teach the 3-year-old to hate balls and ballgames? The answer to this is obvious. We could do this. It might be hard but people are, unfortunately, quite good at negative reinforcement, so it is possible to make people change their attitudes by using it as a method.

Is there a way to teach the positive? Can we get someone to appreciate a work of art who does not respond immediately to works of art? Can we get someone to appreciate classical music who does not have any interest in it?

This is, of course, what many art history or music appreciation courses endeavor to do. Their methodology is always the same:

repeated exposure and analysis. It always involves a lot of talking. And therein lies the problem. Since appreciation and enjoyment are subconscious processes, it stands to reason that these processes are best addressed by a methodology that is less conscious. Telling me why I should like something is not likely to do much more than teach me how to talk about something as if I liked it. I can point out the finer points of baseball to you, but if you don't care, I won't be able to get you to go to the next baseball game.

On the other hand, of course, you certainly won't like baseball if you have never seen it played. Exposure is the key to teaching subconscious processes. Add to that an enjoyable atmosphere surrounding the experience, especially if it is early on in one's life, associated with the artistry you want to teach, and it is likely that the learner will learn to like whatever he is being exposed to. So, evaluation, which starts out as a subconscious process, must be taught by enabling copying and repeated practice, but cannot easily be taught verbally.

HOW TO TEACH DIAGNOSIS

Diagnosis is the same and it is different. Many different people do diagnosis under many different circumstances. But, the process is always the same. So it seems normal to ask why an expert in doing diagnosis in one area cannot do diagnosis nearly as well in another area of knowledge. Why can't a doctor fix his own car? Why can't a detective figure out why a business is failing? It is all diagnosis after all.

Diagnosis is best taught early on but it can be taught at any age. In the end, it is just about knowing what counts as evidence and how to create and rule out hypotheses. The general process of gathering evidence and testing hypotheses is the same no matter what you are doing. This is true in principle, of course, not in actual fact. In reality, doctors cannot rule out hypotheses by tests that might harm the patient. Businesspeople cannot rule out hypotheses by running control businesses that may lose money while others make money. Detectives cannot spoil a crime scene by altering the evidence. Mechanics cannot try something that might make things worse. Investors cannot control world events that might make a seemingly correct hypothesis still not work out all that well.

To teach diagnosis, simple problems can be worked on that lead to more complex problems. What is being taught, apart from the process itself, is the knowledge that underlies the hypothesis and understanding what constitutes evidence and the consequences of evidence. This knowledge is very domain specific and is the reason that doctors don't necessarily make good car mechanics, and vice versa. This knowledge can be acquired only through practice and experience and can be acquired only consciously. Diagnosis is thus a conscious process that is very knowledge dependent. There is no seat-of-the-pants diagnosis, namely, diagnosis that is seemingly subconscious, although it may well seem that way. Having an intuition is usually just the result of having a great deal of experience, so much so that hypotheses just jump out at you because similar cases are so easily recognizable to an expert. Someone who is good at diagnosis would be good at diagnosis in any domain of knowledge if they knew how to gather and interpret evidence in that domain.

Diagnosis is clearly very difficult to learn. Most people are rather bad at it outside of their own areas of interest. Even inside their knowledge base they can be sloppy in the reasoning and leap to wrong conclusions. This is true of all analytic skills. It is possible to never learn to do them well.

HOW TO TEACH PLANNING

Planning is extremely important and typical of an analytic cognitive process; it is something that some people simply never learn to do well. Teaching planning must be focused around the assembly of a case base. Planning is taught in many domains of knowledge and is almost always taught wrong. The classic error is to teach the theory of planning, means–ends analysis, a theory of urban planning, spatial planning, military planning, and logic-based artificial intelligence planning. Such courses all make the same mistake. Course designers think people use theories when, in fact, when people plan, they simply try to adapt old plans that have worked before to new situations. Often people don't plan at all. They simply assume that a set of actions they intend to perform will work to achieve an expected goal.

Teaching planning is therefore a tedious process that is best begun in childhood. It involves making plans, seeing how they play out, and performing an analysis of what went wrong. Often people are not even aware that they have made a plan, and are simply frustrated when things go wrong. They almost never perform an after-action review (as the military calls the analysis process that takes place after a plan has been implemented).

Teaching planning means teaching about goals, how they typically are achieved, what obstacles might be encountered, and how to deal with them. The principles of planning are the same no matter what domain you are in, so children can learn to plan birthday parties, hikes, class trips, how to deal with their problems, how to treat their little sister, how to get along with their parents, and so on. This process can be learned by copying, seeing how others deal with these things, adapting a plan that has worked before, and so on. A teacher who tries to teach planning from first principles is teaching something that is easily forgotten as well as teaching a process that doesn't occur that much in real life. Chefs adapt old recipes or parts of old recipes. Generals adapt old battle plans or parts of old battle plans. Computer programmers use code that has worked before. Planning without a prior plan in mind really is quite unusual and generally not a good idea.

Planning, like diagnosis, should be a basic part of all curricula in school at all ages. People make plans all the time. They plan their lunch, they plan their day, they plan their trips, they plan their errands, and, of course, they plan their lives. It is astonishing that we don't teach planning all the time in every aspect of life. But we don't because this doesn't seem very academic. Since it is not explicitly taught to children, it is reasonable to ask how we might best teach planning to adults. Corporations want to teach financial planning, resource planning, supply chain planning, creating business plans, creating marketing plans, and so on. Planning is, in fact, one of the major preoccupations of business, as well it should be. So, how do we teach it?

The problem here is that planning really works in only one way. It is relies on a case base. We plan by adapting old plans. That's how we do it. We store old plans and we retrieve them when we need them again; we change them so they apply to the new situation or change them so that this time they will work out when they failed before. But we always start with an old plan. New planners, those we are trying to teach how to plan, cannot help but do this, even if they do not have a relevant old plan to work from. They simply will choose the best plan they have, even though it might not be all that germane to the current situation. Proverbs—for example, to a man with a hammer, everything is a nail—don't come from nowhere.

Thus, when we teach planning, there is either a lot to undo, or we must start from the beginning. We can try to explain why each and every old plan is not really helpful in a new situation, or we can teach a series of plans that are relevant. In other words, if you are trying to teach people to write a business plan, you need to start with a lemonade stand and work up. If you are trying to teach financial planning, you need to start with a child's allowance and work up. If you want to teach battle planning, try a tug of war first. This is what should have occurred in childhood. If it didn't, it needs to be restarted that way for adults. We need to use, again and again, plans in different situations that are simple and begin to analyze why they fail. (And these plans must fail, at least in simulation, or no real learning will occur.)

Planning is very difficult. It must start simple and be practiced simply for a while or it never becomes second nature. Plans must fail, at least in simulation, because analysis of what went wrong is a critical part of planning. If you aren't analyzing what went wrong, you aren't learning to plan. Your case base will not end up having been indexed well enough to enable you to pick and choose appropriate plans in the future.

HOW TO TEACH CAUSATION

At the root of diagnosis and planning is causation. Detecting cause is an essential part of diagnosis, and anticipating cause is an important aspect of planning. Causation must be understood in order to do many things in this world. One needs to know what causes what. Science courses in school attempt to teach causation by having students memorize F = ma, or having them imitate chemistry experiments, or having them dissect a frog. While there is nothing wrong with any of that in principle, it really doesn't teach causation in a way that is particularly useful to a functioning adult.

While diagnosis and planning may not be recognized as critical skills by schools, causation is, although not under that word. Causation is understood as being what science is all about, and when schools endeavor to teach science, they are in fact trying to teach causation. This is true for social science as well. History is about causation, as is psychology. The fact that these subjects are not talked about in this way indicates something important about them.

Subject- based education makes the academic disciplines the center of what needs to be learned, when there is really something else at the base of learning. All human learning and all scientific inquiry is about causation; attempts to determine what causes what, and why, are what it means to be a scientist or an academic. Theories of causation, and tests to see whether those theories are true, are what it means to be a scientist.

The problem is that telling students that causation is part of science makes them think about physics formulas and fact memorization when the real issue in teaching causation is how to determine what causes what, rather than how to memorize what causes what. There are, of course, facts about causation that are worth knowing. It is nice to know that if you let go of something, it may fall, but it is not necessary to know that gravity is the issue in this. The world went on quite well for millions of years before Newton. People certainly understood before Newton that things would fall when you let go of them and nothing else was supporting them. Scientific explanations of causation are nice for scientists but not necessary for everyday humans. What everyday people need to know is how to determine what causes what in areas of their own interest. They can hear you tell them about causation—the stock market always goes down when a Democrat is elected president—but they need to be able to decide whether what you said is true and whether it is the election that causes the decline or something else.

Understanding about causation is much more a function of being able to figure out what caused what in any given instance than it is the memorization of facts about science. Of course, with known cases, as we have seen, being able to extrapolate from one case to another is a good way of determining what is likely to happen. There is no harm in knowing prior cases and great value in being able to use them. But, as always, cases are better learned from one's own experience than from being told about them.

Teaching causation, therefore, means teaching the process of determining what happened in any given situation. Since there is a great deal to learn about any domain of inquiry in order to determine causation, the main issue is how to know what the facts are and how to reason from them. This means that, yet again, it is the domain of knowledge that needs to be learned, and this entails constant practice in that domain. And, the methodology of determining causation needs to be learned. This, too, can depend on the particular domain of inquiry. Reasoning from all this takes practice as well. Determining cause is a critical cognitive process that underlies nearly all thinking.

HOW TO TEACH JUDGMENT

How do we get good at making a judgment? Judgments are a kind of prediction, of course. When a judge sentences a criminal, he is, in a sense, making a prediction about what will happen in the rest of this person's life. But he also is making decision that is no way a prediction, but simply serves as punishment. Similarly, when we decide that a certain restaurant is our favorite, we are predicting something about how much we will enjoy future experiences, but we also are making a decision that may or may not matter to others, that is, a recommendation. Recommendations are also predictions, but they have a different feel. When a boss decides whom to promote, he is predicting something about future behavior but, again, the prediction isn't the key point. A judgment is a decision that has some import.

Nevertheless, as different as judgments and predictions may or may not be, the process of teaching them is identical. Good judgment is learned by making judgments and analyzing the results or truth of those judgments as more information becomes available. After a judgment is made it too becomes one of one's cases and stories. Cases about judgment can be learned only by making simple judgments and getting smarter about the process over time on the basis of experience.

Judgments can be made in two ways that matter here. Either someone can decide to do one thing versus another thing based on ethical, moral, avaricious, or emotional grounds, or for many other reasons. Judgments aren't so different from decisions in this aspect. Teaching someone to make a judgment of this sort, between A and B, can be done by putting students in situations in which such judgments need to be made and then going over with them how they decided and what they may have left out of their thinking.

A different kind of judgment is made when one judges the behavior of others. Judges do this, of course, as do compliance officers in companies, and teachers with respect to student mistakes.

Children normally make judgments about the behavior of their parents and friends as well. In all these cases, judgment is best taught by having a student watch the behavior of others, keeping himself out of the issue and seeing what factors motivated and determined the behavior of the actors. It is a lot easier to teach proper behavior when it is not one's own behavior that is being judged. One can learn to act by judging how others act.

So, children make judgments all the time. Typically those judgments reflect the values that they have been taught at home. Children decide what is good and what is bad mostly based on what they have been told. No child discovers for himself that George Washington was an admirable man. No child decides on his own that the United States is the best country in the world. These things are taught by parents and by schools. School, to the extent that it serves as a place of indoctrination, has always succeeded at producing citizens who believe what they are taught to believe at a young age. There obviously is a great deal of sentiment for keeping indoctrination as a key part of education, but teaching judgment means allowing children to come to conclusions based on their own experience and not merely what they were told.

Learning to make judgments is a process of deciding for oneself what is true, which is, of course, not so easy. This should be the role of school but it usually isn't. School wants to teach us the truth when, in fact, truth is best discovered, again, from experience.

How would one discover the "best country in the world," if that is a meaningful idea, or whether George Washington was all he was cracked up to be? Obviously, travel helps teach one about countries. Kids can learn about countries by simulated travel in the modern era. But the point wouldn't be so much to teach them that they make good cheese in France, which is the kind of thing school does today, but to think about what makes France different from the United States. Similarly, we can read and learn some facts about George Washington, and these are indeed taught to children in primary school. I do not believe that children are equipped at a young age to determine for themselves whether Washington was a good man. Perhaps that would be a worthwhile assignment in high school, as long as students were interested in the question and were allowed to come to any conclusion that they could reasonably defend. But children of 5 or 6 can understand what a hero is and what leadership is, and they can determine for themselves who they know or have seen who is good at both. Again, real experiences and discussions are how one learns to think about this, but it must be done in an environment of possible truths, not predetermined truths. One doesn't create a nation of people who can think by telling them what they should think. Kids know who is the leader among them. They should learn to discuss what it is about their leader that makes them want to follow. This is difficult discussion to have with a 6-year-old, but it gets easier with age.

Once again, asking kids to make judgments isn't that unusual. Here is a remark from a parenting book that I happened upon:

> When adults praise their kids for smart judgments, the kids glow. But here's the clincher: kids earn more and more freedom and independence when parents trust their judgments more and more.[6]

The issue here is, yet again, not whether kids make judgments, but whether they are taught, as a central part of what they study, how to make judgments.

The cognitive processes depend on reasoning from evidence in a way that makes sense. This is not something people are naturally good at. They often exhibit faulty reasoning. Practicing reasoning means practicing within particular domains of knowledge. Reasoning is the same process no matter what you are reasoning about, but we don't reason about nothing. Learning the actual facts is important, but it is the idea that this is important that has sent the school systems on the wrong path. Academics study the facts, as well they should, but they also teach the facts, which is a grievous error. How to determine the facts and how to determine their effects on a situation is what the processes of diagnosis, planning, and causation are all about.

HOW TO TEACH INFLUENCE

This is yet another childhood skill. Children learn how to influence their parents and their siblings and their friends very early on. Of course, they may not learn these things in a good way. They might learn that temper tantrums or bullying works very well.

Teaching people how to influence people involves putting them in situations where it is possible to influence people and seeing how it goes. There is nothing to learn exactly. We try behaviors and see what works. What works for one person may not work for another. One way or another, we learn how to get what we want, or we learn to hang out with people who will respond to our needs. This is basically a subconscious process. We are so busy working on this at a very young age that we may not have any idea what it is we know or how to improve what we do. Of course, there is a conscious part as well. Someone can tell us that we will catch more flies with honey than with vinegar, and we can, if we think about it, adjust our behavior. But aphorisms about what works and what doesn't work aren't always correct and are highly idiosyncratic. Although there are books about how to win friends and influence people, the reality is that, apart from adopting a phony personality, people are who they are, more or less.

But this does not mean they can't be taught what works. It usually does mean that they can be taught what works as a result of their own experience. And, they can be taught what doesn't work as a result of their own experience. But this isn't at all easy. If it were, psychiatrists would not be able to make a living. You can tell a person to change his behavior, you can even tell him exactly what to do when, but he is likely not going to be able to do what you say.

The way influence is taught currently is probably the way it has to be taught, then, by use of mentors who look at your behavior and talk you through why you do what you do. This same mentoring method can be used in corporate settings. Simulations may not be so effective because while we may know and be able to say the right answer, this doesn't mean that we can execute the desired behavior in reality.

HOW TO TEACH TEAMWORK

Teamwork is learned by working in teams. It is a mixed process because, here again, we behave in ways that are not so conscious but we can make conscious changes. Leaders learn to manage teams by thinking about what works and what doesn't. Quarterbacks must learn to manage their teammates. If they don't, it really doesn't matter how well they can throw the ball. Team members have to want to work hard for the leader, and the leader has to know how to motivate each team member. People are different so what works for one may not work for another. A leader learns to figure out who is who and what works for each member of the team. The conscious part of this is about learning who needs what from the leader in order for the leader to get the most out of each individual so that the team's goals are achieved. The subconscious part is about interacting with others, which is rarely conscious behavior. We get smarter through experience. If our team wins because we functioned well as a team, we learn to repeat the behaviors that worked. If we win because our team was simply much bigger than the other team, then we probably won't learn much about teamwork.

Teamwork can be taught only by examining how a team functions and attempting to make conscious the subconscious behavior that is not working. Thinking about what we have done that may not have been helpful to the team, and making sure that team members' goals are aligned, is pretty much the only way we can learn to improve our behavior.

HOW TO TEACH NEGOTIATION

My daughter was a little over 2 when we moved back to the United States from Switzerland. The enormity of U.S. toy stores overwhelmed her and it seemed that she wound up crying every time we entered one. She wanted everything. So I had what I thought was a clever idea. I told her that she could have two toys of her choice but that if she cried she couldn't get any at all. We talked about it and it was clear that she had understood what I said. She ran around the toy store and ended up selecting three toys. I told her one would have to go back—that our agreement was two. She started crying hysterically. I then said she had to put them all back as she had violated our no crying agreement. All of sudden, she sucked up all her tears and said in a breathless voice: I'm not crying now. I said that we would compromise on one toy.

That was possibly her first lesson in negotiating. I say possibly because kids and parents negotiate all the time. She and I are still negotiating. Now it is about when she will come to visit or when she will send her son down to visit or a range of other family issues.

Negotiation is so important that it is nearly absurd to ask how we teach negotiation. We can learn it by copying, of course, which I did when I watched my father get a good price on a used car I was buying that I was ready to pay much more for. But really we negotiate with our wives and children and friends and co-workers all the time.

It is possible to teach negotiation, of course. My team once built a course on negotiation, working with a Harvard Law professor[7] who taught negotiation. The course worked by having people negotiate. The situations were artificial so there is some question as to how valuable lessons can be learned from negotiating when nothing important (except ego) depends on it. What I found most interesting about that course were the stories that the expert told from his life as a professional negotiator. I can't say that I was ever able to personally make use of the lessons that those stories taught, but other people's experiences are interesting to think about. In the end, what we really know about negotiation is what has worked well for us in the course of our lives when we were negotiating. Coaching can help, of course, which implies that the best way to teach negotiation would be with a mentor watching you do it for real and offering tips. Psychologists perform this service in couples counseling, and presumably real estate agents perform this service for homebuyers and sellers. Just-in-time advice is always helpful.

HOW TO TEACH DESCRIBING

There is a famous quote: "I apologize that this letter is so long—I lacked the time to make it short."8 As long as people have been talking, they have had to learn to talk well. When they learned to write, they had to learn to write well. Communication is a very big part of living in a society and those who communicate well gain all kinds of advantages. It is difficult to attain public office without speaking well, or to become an important academic without writing well, or to make sales or convince anyone of anything without making your case well.

This takes practice and coaching, and there is no substitute for either. One also has to have something to say, so this means one has to have had experiences to talk and write about. Further, it helps if one is writing about something that one is passionate about. Asking kids to write about their summer vacations doesn't necessarily make them into good writers. Asking kids to give speeches about George Washington fails for reasons of lack of passion. People need to learn to describe well what is most important to them. And, they must be doing this in every task they undertake. They must talk about and write about what they do until the description process becomes second nature to them. So, describing cannot be taught in and of itself. It must be part and parcel of other events students undertake. Writing classes make no sense, therefore. They exist because of the subject-based divisions in school. Writing and speaking must be part of everything that is going on.

SUMMARY

Proficiency at all the cognitive processes depends on discovery and being able to extrapolate from one's experience about what has been discovered. These processes depend strongly on prior cases, and prior cases are best learned slowly in childhood. They also depend on an analysis of those cases, which is best done with help from a teacher. Discussion, reflection, and analysis of prior cases make one better able to deal with new cases. New cases must be compared with old ones in a way that helps one reason better from them. This comparison is the basis of teaching analytic cognitive processes. Learning cognitive processes means having prior experiences with events that are similar to current events and being able to extrapolate from them. When we go to a doctor, we want one who has seen our problem, and described it to others, many times before. Only then can we detect the nuances of difference that will determine an effective course of action.

Teaching cognitive processes means providing students with experiences, hopefully each one more complex than the one before, and helping students discuss those experiences and compare one with another. Knowledge is experience, but it is experience that has been analyzed so that it can be retrieved again just in time as needed. This will happen only if we have thought about what we have experienced.

A teacher's job, therefore, is to help provide the experiences and to help the student reflect upon the significance of those experiences. Good parents do this naturally. Good teachers would do it naturally as well, if they were allowed to do so. Helping someone see the world in a new way is pretty much what good teaching is all about.

CHAPTER 10

Defining Intelligence

> All our knowledge begins with the senses, proceeds then to the understanding, and ends with reason. There is nothing higher than reason.
>
> —Immanuel Kant

What is school for? A common answer is, to make people more knowledgeable. Another is, to socialize them and prepare them for living with others. Another is, to make them ready for work. (This last one seems almost laughable because it is clearly untrue in the modern world, but people do seem to still believe it.) Another is, to prepare them for more school. (People take this one very seriously.) My answer is: School should make people more intelligent.

Really? Can we make people more intelligent? There are those who would argue, and I am quite sure they are right, that intelligence is genetic: It can't be altered by school, one way or the other.

Nevertheless, I think that school should make students more intelligent.

How can I believe both things?

It all depends on how you define intelligence. Let's think about intelligence the way ordinary people define it when they say that someone seems dumb or that someone seems to be very smart. There is a lot to be learned by considering seriously the folk view of intelligence as opposed to the classical school/testing view.

In the 2007 Miss Teen USA contest, Miss South Carolina responded to this question:

> "Recent polls have shown that a fifth of Americans can't locate the United States on a world map. Why do you think this is?"

In this way:

> "I personally believe, that U.S. Americans, are unable to do so, because uh, some, people out there, in our nation don't have maps, and uh . . . I believe that our education like such as in South Africa, and the Iraq, everywhere like such as . . . and, I believe they should uh, our education over here, in the U.S. should help the U.S. or should help South Africa, and should help the Iraq and Asian countries so we will be able to build up our future, for us."

Millions of Americans upon hearing this interview, which was replayed on every television outlet, thought this response was both very funny and an indication of how stupid Miss South Carolina was. Most adults feel that they know what intelligence looks like and that they know what stupidity looks like. Everyone agreed about the absurdity of this response. It was, after all, incoherent, and this was obvious to anybody.

Miss South Carolina was given another chance to answer the question on the *Today Show* on NBC, some days later. Here is a description of what happened from the MSNBC website:

> She explained Tuesday that she was so overwhelmed by the moment she barely heard any of the question.
>
> "Everything did come at me at once," she said. "And I made a mistake—everybody makes a mistake—I'm human. Right when the question was asked of me, I was in shock . . . I would love to re-answer that question."
>
> Curry [of the Today show] obliged, reading the entire question as it had been asked during the pageant. This time, Upton [Miss South Carolina] was ready.
>
> "Personally, my friends and I, we know exactly where the United States is on a map," she said. "I don't know anyone else who doesn't. If the statistics are correct, I believe there should be more emphasis on geography in our education so people will learn how to read maps better."
>
> She came back later in the show to deliver a flawless explanation of lunar eclipses.
>
> Held up on the Internet as the quintessential dumb blonde, Upton was an honor student in high school.

The premise here is that she isn't actually stupid but was just confused by the moment and that she is intelligent because she is on the honor roll at school, can explain lunar eclipses, and could answer the original question coherently, given sufficient time to do it (and maybe with some help).

The media, for reasons of their own, decided to make this a feel-good story and get people to feel better about Miss South Carolina. She has continued to work in the media in various ways since the original interview.

I am not concerned here with Miss South Carolina's intelligence, but with what it means to be seen as being intelligent. My premise is that while native intelligence is certainly genetic, the perception of intelligence and what might be described as intelligent behavior can be altered. (Perhaps this seems as incoherent a position as Miss South Carolina's position on education.)

The curious thing about her second response is that it doesn't answer the original question at all. The question was about why she thought Americans were ignorant about geography, and she responded by saying that they weren't but that maybe there should be more education about reading maps, which in no way addresses the question about why Americans can't locate the United States on a map.

So her answer is still awful even after she was given time to work on it. It is simply unintelligent.

The question is: Could we make Miss South Carolina more intelligent somehow? Clearly school hasn't done it. (She was an honor student!) How might one do it?

Of course, we really aren't concerned with Miss South Carolina in particular. Consider the following interviews conducted at a Sarah Palin book signing in November 2009, in Columbus, Ohio. The interviewees were all in line waiting to meet Sarah Palin and to buy her book:

> Interviewer: Tell us why you are here today.
> Older woman: She stands for what America is.
> Interviewer: What do you mean by that?
> Older woman: Freedom, liberty, right to speak . . .
> Interviewer: What are the particular issues you would like to see her bring to office?
> Older woman: Oh, geez, help me out here, guys.
> Second woman: Fairness. Realness.

So we have a Palin supporter who has no idea why she supports Palin and asks for help. The "helper" says fairness and realness, which apart from being ungrammatical is also nonsense. Neither supporter seems to know much about Palin, but they are eager to meet her and they believe in her. (This is not a comment about Sarah Palin, at least not by me. Supporters of most political candidates have difficulty explaining why they like whomever they like. Or, alternatively, they can explain it and those explanations leave you wondering.)

I will never forget attending a JFK campaign visit to Brooklyn when I was 14. The woman next to me exclaimed that *she would vote for JFK because he was so gorgeous*. I was appalled. I knew the woman. She was not a deep thinker, but, really–people vote for someone because of their looks? Yes, people do, political scientists have pointed this out consistently.

Is this intelligent behavior? Of course not.

The question is: Can we do something about it? Is this an aspect of intelligence that is not genetic and that therefore can be changed?

If you know and believe that what you have just said makes no sense, you can try to learn how to make sense. Do these people know that are they are not making sense? Here is another person from that same Columbus event:

> Young man in Ohio State jacket: She's the epitome of conservativeness and I'm telling you if the Republican Party doesn't back her, it doesn't matter because she's going to get the presidency.
>
> Interviewer: What would you like to see her do with foreign policy?
>
> Young man in Ohio State jacket: To be honest with you I don't know anything about her foreign policy.
>
> Interviewer: What are some of the problems you have with cap and trade proposed by Democrats in office?
>
> Young man in Ohio State jacket: You want to give away your own money, it's fine, but don't tell me to give away my money. It's socialism.
>
> Young man in Ohio State jacket: The state that she did govern was right across the street from Russia. You know so I'm not saying that she ever had to deal with Russia but I'm sure she

> had boundary issues she had to deal with. We have boundary issues right now with Mexico now.

This Palin supporter is also incoherent but incoherent in a different way. He doesn't know much, and he knows he doesn't know much. But he has beliefs and he believes in his beliefs. He has beliefs about socialism (that it is bad, and that President Obama thinks it is good) that are based on no real knowledge. He has beliefs about foreign policy and what it means to have foreign policy experience that are based on nonsense. And he has made up some beliefs about "boundaries."

What does this tell us? It tells us that at some point, maybe not now because he is too set in his own beliefs, someone could have taught him about socialism or "boundaries" or what it means to have foreign policy experience. But it should be clear that this is exactly the kind of education that we have been trying to do in our schools forever. You can talk about socialism in school, but that doesn't mean that your average person learns much from what is said there.

There is a wonderful movie called *Ferris Bueller's Day Off* that reveals a great deal about education. I often use a clip from that movie, when I give speeches on education or training, wherein the teacher drones on about the Smoot Hawley tariff and George Bush's view of Reagan's voodoo economics (as stated in the 1980 primaries) while the students doze off. At a different point in the same movie, the lead character blows off a European history test, saying:

> It's on European socialism. I mean, really! What's the point? I'm not European . . . I don't plan on being European. So who gives a crap if they're socialists? They could be fascist anarchists. . . . It still wouldn't change the fact that I don't own a car!

They do teach about socialism in school, but no one is listening. If we can't produce reasonably intelligent voters in our schools, then we aren't doing much.

Here is another Columbus Palin fan:

> Interviewer: What do you think she would bring in terms of policy in office?

Young woman: Good judgment.
Interviewer: Any specifics?
Young woman: I think she would control the out-of-control spending.
Young woman: I think she would acknowledge the system of government in the United States rather than focus on the administration of czars.
Interviewer: Yeah, and what is your problem with czars?
Young woman: I'm an American and we don't have czars in America.

Here again, we have a juxtaposition of beliefs based on no actual evidence or reality. I don't know what this woman has heard about czars, but whatever it is, it misses the point. Could we teach this woman to be on point—to say meaningful things based on actual evidence? Not now, I fear, but it is my contention that we could have done so at some point in her life. School has failed her and she seems, to anyone listening, to be stupid. But she is not really stupid; she is just talking stupidly because she hasn't been challenged to behave in any other way.

Here is another:

Middle-aged woman: Governor of Alaska is the only one that has top security.
Interviewer: What does that mean?
Middle-aged woman: It means that if anything happens to our borders on that side, she's the first one in line for attack for there.

This person not only makes no sense, but she can't speak in an understandable way. Is that genetic? I doubt it. Intelligence, as it is popularly defined, includes the ability to produce coherent speech, which certainly can be enhanced through teaching, but apparently not by our schools as they currently exist.

Here is one last interview from that event:

Interviewer: What do you think of foreign policy—what would you like to see her do with foreign policy?
Man with cap: I don't know, I really don't have an answer—I don't know her well enough. I don't know what she knows or doesn't know. I don't know some stuff of what people ask me.

Interviewer: Some of the viewers think there's not enough oil.
Man with cap: We got us self-sufficient energy gas oil right under our feet. Why aren't we exploring more for it and drilling here instead of sending all that money overseas and exporting, I mean importing, all that oil back to America?
Interviewer: Do you hope she runs for president in 2012?
Man with cap: Yes, I do.
Interviewer: You will support her?
Man with cap: I sure would.
Interviewer: Do you think there will be any problems supporting her, knowing that you're unfamiliar with her foreign policy issues?
Man with cap: That wouldn't keep me from not voting for her.

There is a difference between ignorance and stupidity, just as there is a difference between knowledge and intelligence. It is a good guess that the "man with cap" above is both stupid and ignorant. The question is why?

One reason is that it is now acceptable in our society to be ignorant and stupid. Here is some of the famous ABC/Charles Gibson interview with Sarah Palin during the 2008 presidential campaign:

Gibson: Do you agree with the Bush doctrine?
Palin: In what respect, Charlie?
Gibson: The Bush—well, what do you—what do you interpret it to be?
Palin: His worldview.
Gibson: No, the Bush doctrine, enunciated September 2002, before the Iraq war.
Palin: I believe that what President Bush has attempted to do is rid this world of Islamic extremism, terrorists who are hellbent on destroying our nation. There have been blunders along the way, though. There have been mistakes made. And with new leadership, and that's the beauty of American elections, of course, and democracy, is with new leadership comes opportunity to do things better.
Gibson: The Bush doctrine, as I understand it, is that we have the right of anticipatory self-defense, that we have the right to a preemptive strike against any other country that we think is going to attack us. Do you agree with that?

> Palin: Charlie, if there is legitimate and enough intelligence that tells us that a strike is imminent against American people, we have every right to defend our country. In fact, the president has the obligation, the duty to defend.

I suppose it is not a crime to not know the doctrine of the sitting president from your own party when you are running for vice president, but it does seem odd. But what is worse, is that after being told what that doctrine is, Palin is content to ramble on incoherently. Why doesn't this bother her? Clearly this is not a real issue because it doesn't bother her supporters either.

Here is some more from that interview:

> Gibson: But this is not just reforming a government. This is also running a government on the huge international stage in a very dangerous world. When I asked John McCain about your national security credentials, he cited the fact that you have commanded the Alaskan National Guard and that Alaska is close to Russia. Are those sufficient credentials?
>
> Palin: But it is about reform of government and it's about putting government back on the side of the people, and that has much to do with foreign policy and national security issues. Let me speak specifically about a credential that I do bring to this table, Charlie, and that's with the energy independence that I've been working on for these years as the governor of this state that produces nearly 20% of the U.S. domestic supply of energy, that I worked on as chairman of the Alaska Oil and Gas Conservation Commission, overseeing the oil and gas development in our state to produce more for the United States.
>
> Gibson: I know. I'm just saying that national security is a whole lot more than energy.

Knowledge should matter for high government officials, but it doesn't matter precisely because the people who are listening have no knowledge either. Is Sarah Palin intelligent? There are plenty who would say that she is not. These include those who rank coherent thinking and the ability to create coherent explanations high on their list of what constitutes intelligence. But, it should be clear, that is not what generally is thought of as intelligence. IQ tests have been measuring intelligence for decades with questions like these:

> At the end of a banquet 10 people shake hands with each other. How many handshakes will there be in total?
>
> A. 100
> B. 20
> C. 45
> D. 50
> E. 90
>
> The day before the day before yesterday is three days after Saturday. What day is it today?
>
> A. Monday
> B. Tuesday
> C. Wednesday
> D. Thursday
> E. Friday
>
> Which number should come next in the series 1, 3, 6, 10, 15?
>
> A. 8
> B. 11
> C. 24
> D. 21
> E. 27
>
> Library is to book as book is to
>
> A. page
> B. copy
> C. binding
> D. cover

It is a reasonable guess that neither Palin nor her supporters would do really well on questions like these. But the real issue is why questions like these were chosen to be on IQ tests in the first place. Certainly our concept of intelligence, and how to measure it, depends on some vague sense of mathematical reasoning ability rather than real-life situation reasoning ability.

The schools make the same distinction. They do not seriously debate foreign policy in high school, but they do teach how to do number sequences. There might be those who would say that Palin and her supporters probably didn't do well on the math SAT either. But to me this is just a nonsensical way to look at intelligence. Plenty of smart people don't do well in, nor do they care about, math. But smart people do well in reasoning logically from evidence and in presenting a coherent argument for their beliefs. This is the essence of what it means to be smart and to be educated. We expect leaders to be coherent in what they say and to be able to justify their beliefs and actions. One can assume that those who are bad at number sequences present no problem for the country in any way, but being bad at detecting faulty reasoning has its consequences in a democracy.

Here is a bit from the Katie Couric interview with Sarah Palin that was shown on CBS during the 2008 campaign:

> Couric: Why, in your view, is *Roe v. Wade* a bad decision?
>
> Palin: I think it should be a states' issue not a federal government-mandated, mandating yes or no on such an important issue. I'm, in that sense, a federalist, where I believe that states should have more say in the laws of their lands and individual areas. Now, foundationally, also, though it's no secret that I'm pro-life, that I believe in a culture of life is very important for this country. Personally that's what I would like to see, um, further embraced by America.
>
> Couric: Do you think there's an inherent right to privacy in the Constitution?
>
> Palin: I do. Yeah, I do.
>
> Couric: The cornerstone of *Roe v. Wade*.
>
> Palin: I do. And I believe that individual states can best handle what the people within the different constituencies in the 50 states would like to see their will ushered in an issue like that.
>
> Couric: What other Supreme Court decisions do you disagree with?
>
> Palin: Well, let's see. There's, of course in the great history of America there have been rulings, that's never going to be absolute consensus by every American. And there are those issues, again, like *Roe v. Wade*, where I believe are best held on a state level and addressed there. So, you know, going through the history of America, there would be others but . . .

> Couric: Can you think of any?
>
> Palin: Well, I could think of . . . any again, that could be best dealt with on a more local level. Maybe I would take issue with. But, you know, as mayor, and then as governor and even as a vice president, if I'm so privileged to serve, wouldn't be in a position of changing those things but in supporting the law of the land as it reads today.

So little of what Palin says makes sense that this interview was seen as a national embarrassment, provoking multiple explanations for it from the Palin camp, none of which said: She is just stupid and ignorant.

Obviously that is what her detractors were thinking. But is it true? Is she stupid and ignorant? How can we find out? Look at this next piece of the Couric interview:

> Couric: . . . people have questioned your readiness since that interview. And I'm curious to hear your reaction.
>
> Palin: Well, not only am I ready but willing and able to serve as vice president with Senator McCain if Americans so bless us and privilege us with the opportunity of serving them, ready with my executive experience as a city mayor and manager, as a governor, as a commissioner, a regulator of oil and gas, not only with my résumé proving that readiness, but I think the important thing here is that John McCain and I, we share a vision for America that includes energy independence.

What could be clearer than the idea that she is simply out of her league and that it was a foolish idea to promote her as a possible vice president? Why cynical politicians decide this is OK to do is not my problem. The question I want to address is what makes one intelligent, apart from genetics.

Looking at what we have seen here, we can think about our 12 cognitive processes one more time. Which of them are critical to the everyday assessment of the intelligence of another person that most people do on a daily basis?

Let's start by eliminating some. Being able to evaluate something, or having a set of values you believe in, has very little to do with basic intelligence. The samples of stupidity that I cite above do not indicate that any of this ability—determining what is important—is missing in the people being interviewed.

Similarly, these people probably can influence one another, work in teams, and negotiate with one another to some extent. They may not be great at it, but we wouldn't characterize the ability to influence others well as a sign of intelligence. Many world leaders are very influential but not all of those are considered to be brilliant.

Similarly, the ability to be a good team player is no way considered to be a sign of intelligence. Some very bright people have difficulty working with others. These things are not signs of intelligence.

Modeling and experimentation ability aren't really important when we talk about intelligence. Experimentation is something scientists do. Children and chefs and nonscientists do it as well, of course. But we wouldn't criticize these interviewees if it turned out that they didn't know how to experiment. We certainly have no idea from these interviews whether they can experiment or not. We can guess that they cannot. We tend to think that experimentation is the province of brilliant people, but would we say that someone is unintelligent because they don't know how to conduct a real experiment? Or, that a chef is brilliant because he takes risks with food? (We may say that he is a brilliant chef, but that doesn't mean we think he is brilliant.) Experimentation has a lot to do with innovation, which is certainly related to intelligence, but, again, it really is not what we think about when we hear interviews and think that the people being interviewed are stupid.

Similarly, we don't know whether these folks can effectively create a model of the world. It seems a good guess that they cannot, but, yet again, this lies more within the province of science and very intelligent thinking than within our everyday definition of intelligence. Some very smart people have weird models of the world or no model of certain aspects of the world.

We do not think that the interviewees are stupid because they don't conduct experiments or create elaborate world models.

But a different story emerges when we look at the rest of the cognitive processes. Which of the remaining processes are clearly missing in the answers supplied by the interviewees above?

Obviously these people don't speak particularly well.

Being able to aptly describe your views, or describe a situation you have been in, or a thought you have had, is a hallmark of intelligence.

We judge people's intelligence, at least in part, by how well they speak.

Does the ability to do diagnosis serve as a hallmark of intelligence?

Certainly doctors do diagnosis on a daily basis and doctors are highly respected in our society. Most people think that if you are a doctor, then you must be smart, but if you push on this belief, you find that what people actually think is that a doctor had to go to school for a really long time, learn of lot of complicated material, and then work really hard as an intern and then as a resident. People respect doctors and may well think that the doctor is the smartest person in their small town, but that is typically because she is likely the most educated person in that town. They easily may not consider her to have "common sense," which is one way that ordinary people describe their perception of intelligent behavior.

Diagnosis is done by plumbers, detectives, engineers, and beauty care professionals as well. Diagnosis is a very important cognitive process to learn. Learning to do it well often means the difference between success and failure on the job and personally. Can the interviewees do diagnosis? Miss South Carolina can.

She asserts that her friends can locate the United States on a map of the world. She can find contradictory evidence for the proposition presented to her, which is certainly part of diagnosis. The Palin interviewees have done diagnosis as well. They have determined what is wrong with the country. They may not have done much more than listen to someone on talk radio, but they came to a conclusion based on the evidence presented to them.

But they have done it badly. That is why they seem stupid.

Coming up with an accurate diagnosis requires intelligence. Everyone does diagnosis, but we seek counsel from those who do it better than others. *Diagnostic ability is a hallmark of intelligence.*

What about causation? Let's consider Miss South Carolina's revised remarks again:

> "Personally, my friends and I, we know exactly where the United States is on a map," she said. "I don't know anyone else who doesn't. If the statistics are correct, I believe there should be more emphasis on geography in our education so people will learn how to read maps better."

Miss South Carolina thinks "there should be more emphasis on geography in our education so people will learn to read maps better."

In many ways this remark is as dumb as her early remarks. Why do I think this?

Because it makes it clear that she hasn't a clue, and doesn't really care, about causation.

And, this is exactly the problem with Sarah Palin's remarks to Katie Couric as well:

> Couric: . . . people have questioned your readiness since that interview. And I'm curious to hear your reaction.
>
> Palin: Well, not only am I ready but willing and able to serve as vice president with Senator McCain if Americans so bless us and privilege us with the opportunity of serving them, ready with my executive experience as a city mayor and manager, as a governor, as a commissioner, a regulator of oil and gas, not only with my résumé proving that readiness, but I think the important thing here is that John McCain and I, we share a vision for America that includes energy independence.

Why do I think that the problem here is about a misunderstanding of how to determine causation? Miss South Carolina has determined the following things to be true:

> If students can't do something, they should be taught to do it.
>
> If students can't do something, it is because they weren't taught to do it.
>
> If students can't do something that it seems anyone should be able to do, then it should be taught in school.
>
> Reading maps is more important than whatever would have to be eliminated from school so that reading maps could take its place.
>
> These decisions should be made on the basis of statistical evidence of student's abilities.

But is any of this reasonable? Not only could one argue with each of these propositions, but it is fair to say that Miss South Carolina herself doesn't know that she holds these positions, that she hasn't thought about them, and that she might disagree with what she said if someone pointed this out to her.

In other words, she cannot reason well precisely because her beliefs indicate that she does not think about causation, and one can guess that she doesn't think about causation because no one ever tried to get her to do so. So she may very well be smart but she sounds stupid because she seems to be unaware of her own causal reasoning and is not very good at it. Being good at understanding causation and figuring what could possibly cause what and why is a hallmark of intelligence.

Intelligence can be enhanced by practicing the cognitive processes that are the basis of intelligent behavior and intelligent reasoning. One of these hallmark processes is certainly causation.

We could make Miss South Carolina smarter by teaching her how to determine what causes what and asking her to figure things out and explain them to others using a causation model that she could defend. Of course, it would have been better if this process started when she was a small child.

Now, with that in mind, let's look at the Palin remark. Palin was asked about her readiness for the office of vice president, which isn't much of an office really. What was really being asked was her readiness for the presidency, which was not unreasonable to worry about considering John McCain's age. She responded in a way that made clear that she has no understanding of causation either.

In the statements above, she asserted (implicitly) the following beliefs about causation:

> Any mayor or city manager is ready to be president.
> Any governor is ready to be president.
> Any commissioner is ready to be president.
> Any regulator of gas and oil is ready to be president.
> If you have a vision of energy independence, you are ready to be president.

Now, of course, one of these beliefs is, in fact, shared by the country since we have chosen governors to be president. But the other beliefs are simply wrong. No one thinks that having a vision of energy independence prepares you to be president or that being an oil and gas regulator prepares you to be president.

So, what does Palin misunderstand here? She doesn't get the idea of preparedness as causation. Having a degree in accounting prepares you to be an accountant, most would agree. We believe, as a society, in certain rites of passage preparing you for the next step. Palin apparently has never thought about this or why anyone would hold such beliefs.

It is not an unreasonable question to ask whether being a U.S. senator prepares you to be president. It would not have been odd if Palin had asked Couric whether we ever had a president who actually was prepared for the job. Other than vice presidents who work closely with a president for 4 years or more, it is not unreasonable to assert that we have a history of unprepared presidents. But she didn't say that because preparedness is a causative notion and Palin doesn't seem to get causation. She may be bright enough to have been taught about causation when she was small, but apparently this didn't happen. As a result, she seems stupid to those who do understand causation.

Palin recently has made statements that make you wonder where her ideas about causation come from. This is from a 2009 interview on ABC:

> Walters: Now let's talk about some issues—the Middle East. The Obama Administration does not want Israel to build any more settlements on what they consider Palestinian territory. What is your view on this?
>
> Palin: I disagree with the Obama Administration on that. I believe that, um, the Jewish settlements should be allowed to be expanded upon because the population of Israel is going to grow. More and more Jewish people will be flocking to Israel in the days and weeks and months ahead.

What is the problem here? Again, there is a question of causation, but it is more obvious that that is the issue. No one who hears this statement would fail to ask why Jews would be flocking to Israel in the weeks and months ahead.

It is important to understand that determination of causation is the backbone of an intelligently thought out belief system. People believe certain things. They believe that the sun will rise in the morning and that their parents will come home from work at night. Beliefs often are based on observation and generalization. People also are taught beliefs. There are many ways to acquire beliefs. Children get them from their parents mostly but also from friends and siblings. At some point, however, reality comes into play. Reality often means comparing a belief with what you know or can figure out about causation. You can believe that the sun rises each morning but not know its cause. And, of course, you can learn the cause. You can believe that the

Great Pumpkin rises on Halloween if you like, but at some point you might notice that this doesn't seem to take place.

Beliefs, reality, and the rules of causation are interrelated but they are not the same thing. Causal knowledge should, however, enable one to alter erroneous beliefs that don't stand up to what one knows about causation.

So what would cause Jews to suddenly flock to Israel? Is she privy to information about another Holocaust or is this some fundamentalist religious belief? She doesn't say. The fact that she doesn't say, is what makes her look either unintelligent or incapable of clear reasoning. Being able to justify one's beliefs by citing common knowledge or revealing knowledge known only to you involves relying on commonly known rules about causation.

What about prediction?

You can believe that New York will beat Philadelphia in football. You can predict it based on evidence. You can explain the cause and effect that have made you come to this point of view. But, after New York loses, you need to modify some beliefs that you previously held. At the very least you have to acknowledge that your prediction was wrong and you might want take this into account the next time you make a prediction, by finding out what went wrong in your reasoning, if anything. Or, you simply can say your team wasn't lucky, of course.

Prediction relies on beliefs, and in many situations predictions are or are not verified immediately and new thinking can begin. But when one gets married, for example, one is predicting that the marriage will be good and will work out well for all parties. One might not realize for some years that this prediction was wrong. Then, when seeking a new marriage, the predictor hopes she has determined what went wrong by seeing what erroneous beliefs were held the last time.

It is very good to be able to predict, but predictive ability is not seen as a sign of intelligence. After all, people seek out fortune tellers because they think fortune tellers have a gift, not because they think fortune tellers are very bright. At the 2010 Olympics an octopus was apparently capable of making accurate predictions. No one claimed that it was an especially bright octopus.

A prediction made by someone that is justified by, "I just feel it," makes the predictor look foolish. In contrast, a prediction about relativity, for example, that is complex to understand but has been explained clearly and later is borne out by evidence makes the predictor look like a genius. But what actually makes us feel that a scientist's accurate predictions make him smart is the reasoning behind those predictions, the causal explanation.

We can see how intelligence, or the lack of it, is perceived by people and we must begin to reconsider how intelligence should be measured by those trying to put numbers to mental abilities. And, we can see why those Palin supporters seem so dumb. Let's look at one of them again:

> Interviewer: What do you think she would bring in terms of policy to office?
> Young woman: Good judgment.
> Interviewer: Any specifics?
> Young woman: I think she would control the out-of-control spending.

This is a prediction. The question is what this prediction is based on. It is a good guess that the young woman cannot cite examples of Palin's good judgment and has no idea whether Palin was able to control spending in Alaska. If she were able to cite examples, that is, if her predictions were supported by evidence that she clearly articulated, we would, in fact, think that the young woman was smart. Perhaps she is smart and perhaps the interviewer deliberately cut out those responses. It seems unlikely, given the weird "czar" remark that followed this, but the point is that we seek such evidence when we make a judgment about someone's intelligence.

What about planning? Those who make bad plans are usually laughed at. Criminals who get caught by doing something dumb are always made fun of by the press. Bad planning makes a person look stupid.

Bad judgment, on the other hand, is more easily forgiven. When you make a mistake, you can always claim to have used bad judgment. Make the same mistake again and you begin to look stupid.

So, if we are interested in making people more intelligent, as opposed to more knowledgeable, it is clear that we need to redefine what we mean by intelligence.

Intelligence is the ability to diagnose well, to plan well, and to be able to understand what causes what. To do this one must be able to reassess one's belief system when new evidence is presented and one must be able to explain one's reasoning clearly to those who ask. And, one must have a knowledge base of relevant information to draw upon. But our education system, in concentrating only on the knowledge base and not on independent reasoning from that knowledge base, has ensured that the knowledge base remains incomprehensible to most people and therefore is immediately forgotten after school is over.

It would be a good idea to eliminate IQ tests as a measure of intelligence and begin to teach people to do diagnosis, to plan well, to be able to determine causality, and to clearly explain their reasoning to others.

Those that cannot learn to do this would rightly be called stupid, but those who can would rightly be called intelligent.

Degrees of intelligence would be about one's ability to do this for more and more complex issues in complex domains.

CHAPTER 11

Restructuring the University

> It is a miracle that curiosity survives formal education.
> —Albert Einstein

When I moved from Stanford to Yale, it was entirely because of the efforts of Bob Abelson, a psychology professor who became my good friend and wonderful colleague during the 15 years I was at Yale. Bob had been instrumental in helping to create the Computer Science Department at Yale, which is the department that wound up recruiting me(Bob had hoped I would be outside the department structure since I didn't really fit in anywhere very well, but he couldn't win that argument.)

Bob told me a story about the creation of the Computer Science Department at Yale, which involved his having to argue with another faculty member on a university committee about why a department should be created around a machine. He said that one member of the committee actually asked him whether there should be a department of lathe science as well.

We both found this to be pretty funny at the time. Now, however, I have to admit that the guy had a point.

I have been a professor in quite a few academic departments in my university career: linguistics, computer science, psychology, education, and electrical engineering. These departments all have some something in common: They have no real reason to exist. One would assume that departments represent academic disciplines that are coherent in some way, but it simply isn't so. The people in a computer science department, for example, have in common that they all think about computer-related issues, but so do people in other disciplines. Some parts of computer science have more in common with mathematics than they do with other parts of computer science. There were many people in the departments that I was in who worked on things that I didn't understand or care about. All our interchanges were about department affairs, never about computer science. We had nothing to say to one another about that. The same is true in every department. Academic departments are made up of faculty who have been thrown together for historical reasons but really have no business being in the same department.

What does a clinical psychologist have in common with someone who studies animal behavior? Do they talk about crazy chimps? What does an historical linguist have to say to a Chomskian linguist? What does someone who works on the philosophy of mind have to say to someone who studies religious philosophy?

Departments probably should have been organized around ideas instead of around words. I tried to facilitate that when I helped create cognitive science as a discipline by founding the *Journal of Cognitive Science* and the Cognitive Science Society. That was over 30 years ago and while some cognitive science departments have been created, in the end the disciplines that study the mind continue to do so in their own ways. Computer scientists who study the mind build computer models, and psychologists who study the mind run experiments. Anthropologists who study the mind do descriptions. That these are three of the twelve cognitive processes is no accident. Departments are organized to some extent around the processes that they use, but that is by no means the central organizing principle. As that old adversary to the creation of the Yale Computer Science Department said, the central organizing principle was a machine and that is kind of silly.

Who suffers from this state of affairs? The students, of course. When a department's faculty meets to decide what courses students must take in order to major in their field, it is not a sage conversation among scholars about what it means to be a computer scientist or psychologist. It is a political tug fest, where people from very diverse fields within these departments push and shove for turf.

Why do they care? There are two big reasons. First, if no one signs up for the courses you teach, you won't be teaching them for long. Second, if many students sign up for the courses you teach, you can justify hiring more faculty in your subdiscipline, which means more friends to hang out with and more power in department meetings where the votes can now go your way. You think this stuff doesn't matter? These issues are the lifeblood of every university department.

Let's look at both of these and see why they might matter.

Instead of subjects then, let's take a fanciful tour through the twelve cognitive processes and see what would happen to the university if it organized itself around those processes.

First let's look at the existing Yale departments and schools:

African American Studies
Anthropology
Applied Mathematics
Applied Physics
Architecture, School of
Art, School of
Astronomy
Biology
Biomedical Engineering
Chemical Engineering
Chemistry
Classics
Computer Science
Drama, School of
East Asian Languages & Literatures
Economics
Electrical Engineering
English Language & Literature
Environmental Engineering
Epidemiology & Public Health
Forestry & Environmental Studies, School of
French
Geology & Geophysics
Germanic Languages & Literatures
History
History of Art
International Relations
Italian
Law School
Linguistics
Mathematics
Mechanical Engineering
Medicine, School of

Music, School of
Near Eastern Languages & Civilizations
Nursing, School of
Philosophy
Physics
Political Science
Psychology
Slavic Languages & Literatures
Sociology
Spanish
Statistics

This list may be somewhat inaccurate since it is taken from a list of possible majors, which is not the same thing as a list of departments. I just edited it to reflect my memory of Yale, which could conceivably have added a new department or two since I was there 20 years ago (but departments are not easily created or deleted at Yale).

Now let's ask what would happen if we reorganized.

Which departments specialize in prediction, for example? Clearly, economics is about prediction, as is physics, and sociology, and psychology, and any branch of engineering.

Which departments specialize in judgment? Law does certainly. Medicine, parts of psychology, parts of anthropology, aspects of statistics, architecture, and art history do so, as do many others.

Which departments specialize in modeling? Computer science certainly does, as do parts of psychology. Engineering disciplines do and nearly all of the sciences do. Economics and sociology do as well.

Which departments specialize in experimentation? All of the sciences, plus psychology, do experiments. Economics and sociology people sometimes do them. Political scientists do experiments.

Which departments specialize in describing? The humanities specialize in this, as do English and Italian, and Near Eastern languages, and linguistics, and anthropology. Parts of psychology and medicine and law do as well.

Where is diagnosis practiced? In medicine, of course, but also in law, business, and engineering.

Where is planning studied and practiced? In engineering and in architecture certainly, but also in business, medicine, computer science, and psychology.

Where is causation worried about? Nearly everywhere. Anyone in the social sciences or in any practical discipline worries about causation.

So, should departments be organized around the twelve cognitive processes? Probably not.

It would be difficult to do and everyone would be against it. It is difficult to change what has always been in place. But those who study diagnosis would benefit from being around others who were doing diagnosis all the time. And those who are worried about descriptions would do well to hang around others doing the same. But it doesn't matter that much, really. In a research university, professors really just talk with people who are doing more or less exactly what they themselves are doing. Departmental seminars are social gatherings more than intellectual meeting places, since a talk on one subspecialty rarely interests those who work in different subspecialties in the same department.

But none of this really matters. Our research universities (of which there are maybe 50 in the United States) are doing very well, and my problem is not with them. It is with the institutions that claim to be educating our youth for the future and that employ professors who have a Ph.D. from a research university and who really wish they were still there. The research universities serve as professor training grounds that train many more professors who can do research than we possibly could need. These people then become professors at institutions where hardly any student intends to get a Ph.D., but they continue to teach the same Ph.D. training curriculum that they studied.

This has got to stop. The problem is not so much the universities as the high schools, of course. As long as college is seen as a professor training ground, then high school is seen as way to get into the professor training ground, and a nonsensical system evolves that trains high school kids to study what professors need to know. This has to end.

When students sign up for psychology at their university, they want to know what is wrong with them and their parents, and instead they study how to do experiments because that is what their professors learned to do in graduate school. When students take computer science in college, they want to learn to use the computer, but instead they study the mathematics of computation because that is what their professor does. When kids study chemistry in college, they are doing it in order to become doctors for the most part, but instead of learning chemistry that doctors need to know, they study the chemistry research that their professors are doing. When they want to learn business, they learn economics. When they want to learn how to write, they learn about literature. All of this happens because of the nature of the research universities' domination of our education system.

In order to fix our high schools, we need to get rid of departments based on rather arbitrarily defined academic subjects.. We should organize universities around the kinds of work people do, where work means the kinds of thinking that they engage in, not the machines that they play with. Anyway that's my suggestion.

AN IMAGINED FIRST YEAR IN COLLEGE

We all know that what I propose will never happen. University faculty would stop such a proposal at every turn. So, in the name of reality, I want to make a suggestion that university faculty possibly could adopt.

Simply divide the 4 years that make up college into two parts. Dedicate the first 2 years to the teaching of the 12 processes and the last 2 to the study of the subjects that the faculty so dearly love. *Introduction to X,* which now dominates the first 2 years of college for most students, would be abandoned. The faculty hate teaching it anyway and the students hate taking it.

How would this work? Let's first consider the set of processes grouped under conceptual processes.

Conceptual Processes

Prediction is an area of life that is worth getting good at doing. Who, in the various faculties, organize their daily lives around predictions? Economists make predictions. It is what they do all the time. Medical doctors make predictions. Physicists make predictions. Political scientists make predictions. Let's imagine that students were taught by a team of people from these four areas who were the exactly those people who specialized in making predictions all the time in their careers. And, let's suppose that they created a year-long course in how to make predictions based on known evidence, past cases, and pushing the boundaries of what is known. Wouldn't this be a better course than Introduction to Physics? The teachers could introduce whatever aspects of physics they wanted to help students understand the predictive process in that area, but other faculty who did prediction in other areas would be part of the discussion. There would be a set of interesting issues ranging from predictions that were thought to be right but weren't, to predictions that are being made today in each area. The content would be the predictive process itself, not the traditional subject matter. Statistics (and other useful tools) would be taught in this context while the predictive process was being studied.

Modeling. Who build models? Psychologists think about models of the mind, as do computer scientists and philosophers who specialize in thinking about thinking. Architects and economists build models of a different sort. Engineers work with models regularly. All of these people use different modeling tools but they work on the same thing: trying to figure out how something works by building it and seeing if they can replicate it. They may be using a computer or building blocks or electricity or art. It makes no difference. It is all an attempt to see how things work by building some facsimile. This is an important idea in human thinking, and a course should be taught to undergraduates on how to do it by the people who actually do it, teaching different techniques as they go. They are many ways to build a model, and students in college should know the possibilities before they take on further study.

Experimentation. Psychologists do experiments. Chemists do experiments. Physicists do experiments. Medical researchers do experiments. (The drug companies are constantly doing experiments that affect us all.) Why is there no course in learning how to do an experiment? Shouldn't students be learning how to come up with a hypothesis and how to test that hypothesis? Isn't that more important as a fundamental building block of the mind than any course offered to freshmen in college today?

Evaluation. Every academic field does evaluation. In every discipline there are ways and means to discuss and evaluate the worth of papers and research and practical proposals. Businesses are evaluated regularly and evaluation is taught explicitly in business school. Political scientists evaluate politicians and political systems. Historians evaluate what makes governments, battles, cities, and a range of other things successful. Architects and urban planners and engineers worry about evaluation of what they propose and produce. All of these people could combine to teach students how to evaluate. This is very important part of functioning in any society.

First College Year Summary

It would be my contention that a freshman year made up of these four processes, taught in four simultaneous courses that were designed to relate to one another in various ways and at specific times, would be a wonderful thing for teaching people how to think. The best of our faculty could teach what they thought about to students, who now would be ready to start to think rigorously. By the end of this first year, students could begin to specialize, not in academic subjects just yet, but in other processes that build on the conceptual processes.

SECOND YEAR IN COLLEGE

Let's look at the analytic processes.

Analytic Processes

Diagnosis. Who does diagnosis? Doctors certainly. Lawyers certainly. All the people I mentioned above who are building models need to figure out why their models may have gone wrong. Anyone who manages people or large operations needs to figure out all the time what has gone wrong. In fact, diagnosis is a critical part of nearly every area of thinking and every area of work. Diagnosis needs to be studied for its own sake. How do we do diagnosis in principle, no matter what the situation?

Diagnosis also needs to be examined in the various contexts in which it can be applied. A course in diagnosis, taught by the entire faculty who do diagnosis regularly, showing real work and real situations that they have had to handle, and coming after the first year, would have two advantages. One, it could build on the basic conceptual processes discussed above. Second, students could choose to think about diagnosis in some areas as opposed to others. Art experts might teach about art fraud, and lawyers might teach about detecting business fraud. In each case there would be similarities, and these should be taught by a group of faculty from different areas, but at the end of the course students should be able to start to actually do diagnosis under the tutelage of an expert in an area that interests them.

They actually may not know much about that area of knowledge, of course, and that would be the objection of the faculty to this idea. But it is my contention that faculty have had this wrong all these years. Teaching the basics to students, who have no concept of their possible use, is really not helpful. All these introductory courses are just an excuse to pack kids into lecture halls and pretend to do education while saving money on hiring more teachers. Teachers should pose real-world problems to students and encourage students to gain the knowledge they need to solve them.

Diagnosis is a perfect area for this. One can try one's hand at crime detection, without knowing everything about the details of how one does it, with the help of an expert looking over one's shoulder. This kind of just-in-time learning is how humans have always learned what they needed to know. The idea that school should teach you what you need to know before you need to know it, is seriously flawed. People can't remember what they learned, years after they learned it in school, if they haven't been practicing what they learned all along.

Judgment. Law typically is not part of any college curriculum because law schools are recent inventions on college campuses (that is, they are from the past century and not the century before) so law never got to be part of the required or even elective set of college courses despite the fact that so many students want to be lawyers. Judges make judgments all the time, and those lawyers who teach judges to make judgments should be teaching freshmen to make judgments as well. Of course, artists and musicians and literary critics make judgments of a different sort, as do philosophers and businesspeople. All of these people could be teaching a course together on how to make judgments fairly and how to determine what is fair. This is where ethics and morality come into play as well.

Planning. What I said about diagnosis is also true of planning. We plan in everything we do. There are economic plans, architectural plans, medical treatment plans, business plans, and so on. A computer program is a type of plan, and research plans are everywhere in a university. Writing these plans is not so different in principle, but in reality a business plan doesn't look much like a treatment plan. So there is the idea of a good plan and the understanding of what a plan looks like, what a plan's description ought to be like, in any area of life. You may think a business plan should look a certain way, but if the business community has a different idea, that idea will turn out to be right.

Students should have the opportunity to write all kinds of plans, learning about the principles of planning while learning about what officially is considered to be a good plan in an area of the real world that interests them.

So, as part of the second year, students should get to study planning, and then study successful planning documents, and then write plans and have them evaluated by the faculty.

Causation. Who studies causation? Everybody. Psychologists worry about what makes people crazy, doctors worry about what makes people sick, environmentalists worry about what is ruining the planet. Physicists want to know how the world works. Computer scientists want to know how computers can work better. Engineers do nothing but causation, really. So, here again, determining causes is a basic cognitive skill and it can be learned within the second year as well, in the same way I have been describing building on what came in the first year to tackle complex problems of causation in areas that interest the students.

Social Processes

Describing can easily be taught, as all of the eight processes discussed above are taught by requiring students to present their work in written and oral form. Students need to learn to write but they also need to learn to talk and to use alternative media to make their points and to explain what they have done. A coherent course of study in how to describe properly is easily within the ability of any college faculty and ought to be its highest priority, taught from many different points of view, teaching what description is about not how to work PowerPoint.

THIRD YEAR IN COLLEGE AND BEYOND

Now what next?

After these 2 years, what will students be able to do and what should the faculty do with them? Clearly, faculty, as I have pointed out, want to teach what interests them—their own research subspecialties. Faculty will want to continue to insist on there being majors. Students should not have to be forced to select a major subject because majors (and, of course, subjects) are at the root of the problem.

Whose needs do majors satisfy? Faculty like them because the faculty can determine that to be a major in X students must know all of its aspects, and then insist that students, take obscure courses that they would not want to take. This is another way of making sure that faculty get to teach whatever they want to teach.

An alternative would be to let students specialize in a cognitive process, like diagnosis, and an area where they have become knowledgeable to which diagnosis applies, like financial diagnosis or behavioral diagnosis. Every student who majors in business doesn't really want to, or need to, know every aspect of business, and a student who majors in psychology doesn't need to study clinical, social, animal, and developmental psychology, if what he is interested in is diagnosing personality disorders, for example.

Let students specialize, if they want—they shouldn't be made to, but let them specialize in processes that they might want to become proficient at. We shouldn't force them to take courses , that in no way serve their interests. Such requirements are made using arguments about breadth when they are there to make sure that undersubscribed courses get taught. Majors in computer science at Yale when I arrived there had to take artificial intelligence and numerical analysis. These subjects never interest the same people. They are as different as accounting and clinical psychology. These requirements were there because faculty wanted to make sure there were students enrolled in their course. If they didn't, they would have had to teach something they didn't know as well. Faculty made arguments about the well-rounded student, but students' needs had nothing to do with it.

Whenever you see a required course in a departmental major, there is politics behind it. Someone has traded with someone else. If you make them take my course, then I will vote to make them take your course. It is how requirements are created at every school. No one is thinking of the students' needs, trust me.

So what if we did think of the students' needs? What would we do in the third and fourth years of college? It seems obvious that students would like to learn some job skills and that they would like to be able to pick subjects that interested them for further study. In addition, they might have found something that they were working on in the first 2 years that made them want to get better at it. This is what the rest of college should look like then.

For computer science, for example, students should get to select software engineering, as suggested by my colleague earlier, if they want to be employable, and they should be able to improve cognitive skills that they may have acquired in the first 2 years. They may not have studied various subspecialties in computer science, so they should get to choose the ones that interest them. They also may have an interest in pursuing some noncomputer-related subjects taught at the university, for their own edification. In other words, they get to choose and the choices should include job skills and continued use of the cognitive processes they have honed in the first 2 years. Faculty simply should offer choices, and students should pick.

What would happen if this were done?

In a world where students got to decide what they studied, many of the departments listed above would disappear. There might be some call for Near Eastern languages or art history, but not that much. These departments exist for historical reasons and universities are reluctant to get rid of them, so universities make requirements that students take courses in them. An enormous English department is justified only by the sense that universities ought to have that sort of thing and by continuing English literature requirements for students. Without that, such departments would be much smaller than they are.

Therefore, it is clear that this cannot happen.

What could happen is this: High schools could change and colleges would have to adapt. This is possible because high school does not have to be the way it is today. Its current organization around academic subjects makes no sense. This can be fixed by simply building different kinds of high school curricula. But how can we change high school?

As it stands now, we can't. High schools teach what colleges tell them to teach. Recently I was looking for a picture of the man who was principal of my elementary school many years ago. I wanted to put it in a speech I was about to give. So, I went to the P.S. 247 (Brooklyn) website and discovered that it is now a "New York City College Partnership Elementary School." When I finished laughing, I started to wonder when this "everyone must spend their entire childhood worrying about getting into college" nonsense would end. P.S. 247 was not a great bastion of learning or a fun place in the 1950s, and I can only imagine how awful it is now. I wondered why P.S. 247 now had to be a college prep elementary school. A commenter on what I wrote noted that the old trade schools, which used to dominate the New York school system, were serving mostly minority populations and this had to stop; so now "everyone can go to college" is the mantra of the equity folks.

But the problem is, of course, that what is being bought with all this college preparation is the right to be an unemployed English major instead of the airplane mechanic you might have been if you had gone to Aviation High School.

High school has become all about college, and college is all about scholarship and research, so what is left? So who teaches students to think clearly? Who teaches students about the possibilities there are for work that might interest them? Who teaches students how to get along with one another, and who teaches people how to communicate well?

Certainly not the high schools, which are obsessed with test score preparation, which means rote memory for the most part.

Certainly not the colleges, which are run by faculty who do research and who think mostly about that.

One possible answer is community colleges, but when someone like me suggests that skipping college and going to community college instead to learn an actual skill might be a good idea for most students, that suggestion is disregarded as being on the lunatic fringe.

The good news is that because of all this craziness, there is a big opportunity to build an alternative, which I will discuss in Chapter 14.

CHAPTER 12

How Not to Teach

> Some people will never learn anything, for this reason, because they understand everything too soon.
>
> —Alexander Pope

My daughter learned a lot from me and from her surroundings when she was small. All children learn all the time when they are little. But what are they learning? When Hana was about 1-1/2 we lived in Switzerland. Hana was my parent's first grandchild. Since they were in New York, there were frequent phone calls back and forth and more than the occasional visit. Once during this period I got curious as to whether Hana knew the names of her grandparents. I figured she might not know the word *name* so I asked her, "What does Gammy (her name for my mother) call Poppy (my father). She immediately responded, "Maaacc!!" imitating the intonation and exasperation of my mother trying to get my father's attention. I asked what my father called my mother, and she said "Marge!" in the tone of an authoritative military call.

Hana talked to her grandparents on the phone quite a bit. One day I noticed her walking in furious circles while she was talking, at one point almost bringing the phone down on her head. Now who had been teaching her that? Well . . . me. That's what I do when I talk on the phone. And it is still what my daughter does, 30 years later.

Speaking of 30 years later (well, 20 in this story), I observed this same seemingly imitative behavior in Hana when she was in college. I remarked to a friend of my daughter who went to school with her in Evanston that there was a no left turn sign in Evanston (where I also worked) that I always ignored because it was so stupid. She said that my daughter always ignored the same sign and also said it was stupid. The curious part of this story is that my daughter and I, having our own cars and lives, had never been in a car together in Evanston and neither had we ever discussed this sign.

Did I teach her to ignore stupid no left turn signs? Of course I did. But I never said such a thing to her or taught her how to decide when it was safe to ignore a sign. I was just in her world and she was watching.

I observed a similar phenomenon with my son. I like to watch football and my son sat with me and learned to watch too. Twenty years later, when an event occurred on the field, I noticed that we said exactly the same thing at the same time. "Oof," "oh come on," "ugh." Whatever event on the field caused me to exclaim something, caused my son to exclaim the same thing. Now, I could not tell you what was an "oof" and what was an "ugh," and neither could he. I do this kind of thing unconsciously and so does he. He learned what I had to teach, but he doesn't know what he learned and I don't know what I taught.

What does this have to do with teaching? Perhaps we just need to watch our teachers and then we can copy what they do. Well, not exactly.

I took a yoga lesson the other day. The instructor got into a pose and said I was to copy what he did. I said there wasn't a chance that I could copy what he did. He wasn't used to being talked to like this. (Most students are better at being students than I am, of course.) I explained that I could barely understand what he had done, despite seeing it, and I certainly didn't know the intent of what he had done, so I wouldn't know which aspects of his action were significant and which were unimportant. I told him this was no way to teach.

Now I know I will not be able to teach the yoga instructor how to teach better, and I doubt he will be reading this book. But whether you are teaching yoga or baseball or science or business, the rules are the same. Before I list them, let me start with the top mistakes teachers make. Some of these mistakes are forced on teachers by a badly designed education system, and some are ones that teachers make no matter what they are teaching or which system they are teaching in.

Some of these are less than obvious. So, let's consider them one by one:

Mistake #1: Assuming that there is some kind of learning other than learning by doing
Mistake #2: Believing that a teacher's job is assessment
Mistake #3: Thinking there is something that everyone must know in order to proceed

- Mistake #4: Thinking that students are not worried about the purpose of what they are being taught
- Mistake #5: Thinking that studying can replace repeated practice as a key learning technique
- Mistake #6: Thinking that because students have chosen to take your course, they have an interest in learning what you plan to teach them
- Mistake# 7: Correcting a student who is doing something wrong by telling him what to do instead
- Mistake #8: Thinking that a student remembers what you just taught him

Now, let's consider these teaching mistakes one by one.

Mistake #1: Assuming that there is some kind of learning other than learning by doing

All of us, teachers or not, believe that we can teach by telling. When I say that people learn by doing, people think: Yes, maybe most of the time, but you also can learn by being told. The issue is what it means to learn, of course. I define learning in terms of the cognitive processes that are exercised during the attempt to learn.

This means that when I say the following: "You cannot learn by being told," what I mean is that that you cannot learn to do any cognitive process by being told. I can tell you that George Washington never told a lie, and you could learn that and you could make it something that you now believe. But this is not learning in the sense that it doesn't make you more capable of doing something because you have learned it. Subject-based education relies on learning by telling because for most of the things that are being taught, there is no other way to learn them. How else could you learn that George Washington never told a lie? By observation? By historical research? We learn this by being told. But we do not learn cognitive processes by simply being told. We learn them by practicing them.

This confusion is why teaching in its current form, with a teacher in front of a class, exists at all. Without this focus on subject-based education, it could not exist. And, this is why parents never stand in front of their kids teaching them things. Cognitive processes cannot be altered by telling.

So, we have rule #1 for teaching:

Rule #1: A teacher should never tell a student anything that the teacher thinks is true. Now, on the surface this seems ridiculous. How can you resist telling students the truth? Isn't that your job as a teacher? No. It isn't.

Why not?

Because, in general, students wouldn't believe you anyway. Students don't take what teachers say as gospel. And, they tend not to remember what you say. I have taught many a class and asserted *X* only to be told minutes later that I had asserted *not X*. People don't listen very well. So what is the point of saying true things, besides feeling good about having said something wise? The point certainly isn't teaching.

How will students learn what is true, then? By discovery. By failure. By repeated experience. By talking with people about what they think and having to defend their claims. Not by listening to you.

Let's consider mistake #2.

Mistake #2: Believing that a teacher's job is assessment

What does this mean? In the real world, teaching and assessment are usually conjoined. Teachers teach and they also give grades and test. This is a problem. It is a problem because satisfying the teacher becomes a goal of the student that tends to supersede learning, and it is a problem because as the ultimate arbiter of truth, a teacher gets to say what is true and students have to believe it. To fix this a teacher needs to not be in this dual role.

This is easier said than done, of course. I used to tell students they would get an A no matter what they did as long as they handed in the work that I asked for. This had the effect of having many students sign up for an easy A and having the administration become annoyed with how many A's I gave out. Both of these outcomes were entirely predictable. But what I did, changed student behavior in the class greatly.

They often wrote about how much they wanted to please the teacher and how once I took that out of the equation, how much it changed their view as to why they were doing anything at all. For some, it had a very bad effect. They just didn't take the class seriously. Others took it more seriously than ever because they were the judges of their own work. (I asked them to defend their viewpoints to the class during class time so their friends were also judges.)

Of course, the system teachers teach in does not allow them to separate assessment and teaching. But it doesn't allow them to teach only cognitive processes either. For a cognitive process-based education system to work, teachers must be allowed to teach, and others should be the ultimate judges of success. Teachers need to help students get where they are trying to go and let others decide whether they have gotten there.

So, we have rule #2 for teaching:

Rule #2: A teacher should never be the ultimate judge of the teacher's own students' success. Here again, this seems absurd. But in the end, this separation of responsibilities is very important. Parents judge how well their children are walking and talking, of course. But the children are not anxious about passing their parents' assessments. The success is its own reward. And in the end, others judge how well your children speak. A parent is really there to help, not judge.

Let's look at mistake #3.

Mistake #3: Thinking there is something that everyone must know in order to proceed

This is, of course, the killer mistake. Go to any faculty meeting, or interview any teacher, and he will tell you that something is the basis for all that follows that, and if you don't know it, you can't proceed in the subject he teaches. Theory first is the mantra of nearly every teacher. The question is why this is so. I have been in arguments about this so often that I wonder why these views are so widely held.

Teach theory first, then practice. Because of this mantra, computer science majors often don't learn to program in a way that actually would make them hirable, and budding medical students drown in a sea of chemistry equations. Businesspeople learn about finance long before they learn how to run a business, if they ever do learn that, and psychology students learn about B.F. Skinner when what they really wanted to know is why they are so screwed up.

Why do teachers like teaching theory so much? I think that the answer is that it is orderly stuff, with official answers that the teacher gets to know while the students try to learn them. This puts the teacher in a powerful situation and teachers are comfortable with that. Teaching practice is much harder. There often are no right answers and many screw-ups, and the learning process is much messier.

Theory is a subject. Practice in a field means exercising the twelve cognitive processes we have been referring to, and because of that, progress is much harder to ascertain. You can test theory. It is harder to test practice. One can gain a lot of knowledge about what doesn't work while practicing and still produce nothing worthwhile. The lessons learned are harder to assess. Teaching theory makes all teachers more comfortable. Of course, theory means there is no doing, so no one really learns much. After they pass the test, they can forget what they learned with no consequences.

There is a big difference between knowing that and knowing how. Schools have always emphasized knowing that. The primary reason for this is that the stuff you can say you know is testable. But knowing how is much more important. So we worry that students don't know that George Washington was president, without asking what the use of that knowledge is. There may be a use for that knowledge. It is doesn't come to me immediately what that use would be, but let's assume there is some use for that knowledge for your average student. If so, that knowledge should be taught within the context in which it might be used. There is, for example, a use of that knowledge for constructing a history paper about the origins of the United States. Of course, that itself may not be a useful exercise. In the context of doing that exercise, assuming there was good justification for it, that knowledge would be naturally learned. Natural learning of factual knowledge, learning it when it comes up, is fine, as long as it isn't being learned so that it can be tested. It is much more useful to learn knowledge when that knowledge enables you to do something, however.

There are endless books about what every 3rd-grader must know that use the idea that factual knowledge is the basis of the ability to read as their justification. Unfortunately, the writers of these tracts have misunderstood the cognitive science behind those statements. It is difficult to read things when you don't understand what they are about. But it does not follow from that, that the solution is to ram that knowledge down kids' throats and then have them read. It is much more clever to have them read about what they know and to gradually increase their knowledge through stories that cause them to have to learn more in order to make the stories understandable to them. In that case, the learning is in context and thus more natural.

Rule #3: Teach practice first, theory and facts second (if you must teach theory and facts at all). It is the rare course that starts with, let's build this now. Courses that start like that usually hold the students' interest, however.

Now let's move on to the next mistake.

Mistake #4: Thinking that students are not worried about the purpose of what they are being taught

When students ask what use algebra will be to them, they are told they will need it later. They are told this about any number of subjects that they are forced to learn in high school. The problem is that subject-based education is never about the potential use of those subjects. Those were the subjects at Harvard in 1892; that is the only answer that is true about why students are being forced to learn them. No one gives that answer. In fact, very few seem to know that answer.

Students have the right to know why they are learning something. "You will need it later," is usually a lie, so we need to stop telling them that. And, we need to think about what real reasons there are to learn something. If we cannot find those reasons, we really shouldn't be teaching the subject. But, of course, I don't think we should be teaching subjects at all, so my view on this should come as no surprise.

Rule #4: Don't teach anything unless you can easily explain the use of learning it.

Let's look at the next mistake.

Mistake #5: Thinking that studying can replace repeated practice as a key learning technique

Practice makes sense. When studying and homework mean practice, then they are good things. But rarely is that their intent. Unless, of course, we are talking about practicing test taking, which makes sense only if good test scores are the goal. I realize that good test scores are, these days, the goal in our society, as one would expect in any subject-based education system.

So here is rule #5:

Rule #5: No homework unless that homework is to produce something.

Now let's have a look at mistake #6.

Mistake #6: Thinking that because students have chosen to take your course, they have an interest in learning what you plan to teach them

Professors who typically teach courses that students have chosen voluntarily to take generally are under the illusion that students have come to the course hoping to learn what they intend to teach. Nothing could be further from the truth. Unless you are teaching human sexuality or how to get a job, or abnormal psychology, you generally can expect that students have very little interest in the content you are about to share and a great interest in the grade you eventually are going to give them. The reason for this is simple enough. Professors are teaching a subject.

Subject, in the university world, is a euphemism for profession. The profession of English professors is something other than teaching English—it is being a professional in some subspecialty in literature or some allied field. Similarly, a professor of psychology has an area of research within psychology that is his real profession. When a professor teaches, he is teaching how things work in his profession and he is teaching the basics of being in that profession. The percentage of undergraduates in a class that actually want to enter the profession of the professors is very small. Most have no intention whatsoever of entering the profession of the professors. So, they recognize instantly that what they are learning is very unlikely to be of use to them in their later lives. Some take it seriously anyway and some don't. But for the most part students really aren't much interested in what a professor is teaching.

They don't listen and they don't do what you ask them to do. Why not? They may be lazy, but that isn't the real reason. It may be true that they are taking four other classes, but that also isn't the real reason. The real reason has to do with the inherent value of work, which is one of the real issues in the transformation from subject-based education to cognitive process-based education. Students can feel, rightly, that they have read enough Dickens or have solved enough equations to satisfy the teacher or at least to satisfy their own needs in these areas. The problem is, as I stated originally, that learning starts with a goal and that the students' goals may not be the same as the teacher's goals. Since the students have no Dickens-related goal, and actually have a teacher satisfaction goal, they simply have misestimated what will satisfy the teacher.

Now let's consider real goals. Students do not stop driving a car because they are tired even though they haven't arrived where they are going. They do not fail to ask out Mary Lou on a date because they got bored talking mid-sentence. They do not give up on hitting a baseball mid-swing or midway through the game. People put in the effort required when they are working on truly held goals. Subject-based goals are almost never truly held. But cognitive process goals are nearly always truly held if the student is working on real things. If school wants to deal with artificial things (flying an air flight simulator instead of a real plane, for example, in order to learn to fly), then those artificial things need to feel very real and be very motivating.

Rule #6: Try teaching students things they actually may need to know after they leave school.

Here is mistake #7.

Mistake# 7: Correcting a student who is doing something wrong by telling him what to do instead

This one seems really weird. Wouldn't you tell someone to do things differently or what went wrong when you see them making a mistake? Most of us would because this seems a reasonable thing to do. It just isn't a reasonable thing for a teacher to do. A teacher needs to help a student think about what went wrong as opposed to telling him what went wrong and how to fix it. What do you think happened? Why did it happen, do you suppose? What could you have done differently?

Why does this matter? It matters because self-generated explanations are remembered more easily than explanations that we are told. It actually is quite difficult to remember anything you have been told. It is much easier to remember what you yourself have thought up, in part because you probably spent some time doing it, considered alternatives, and finally decided on an explanation, and then perhaps you tested that explanation another time. A self-generated explanation is a hypothesis, and hypotheses that we have come up with ourselves serve as the basis for learning. We tend to remember what we ourselves have said and thought more than we remember the words of others.

Rule #7: Help students come up with their own explanations when they have made a mistake.

Here is the next one.

Mistake #8: Thinking that a student remembers what you just taught him

I can't tell you how many times I have said *X* in a lecture or discussion only to be asked why I believed *not X*. Why does this happen? People really don't listen. They are not being annoying. They really can't easily listen. There is so much going on in their own heads while you are talking that it is remarkable they hear anything of what anyone says to them. Teachers live in a world where students are worried about the perceptions of their friends, events at home, and a million other things that have nothing to do with what a teacher is saying. A teacher simply cannot assume that a student will remember what he was just told. In any case, a teacher shouldn't necessarily be telling students the truth.

How could telling a student the truth be a bad idea? When telling is about facts, it is certainly a fine idea. But remember, I do not think that it is the job of a teacher to tell students facts. A teacher's primary responsibility is to get students to understand the world better and to help enhance their capabilities. Neither of these things happens through a teacher telling a student anything. Comprehension is an internal affair, arrived at by thinking. Ability comes from practice. Neither comes from a teacher. What a teacher can do is to encourage students to take on more and thus enhance their capabilities, or think more and thus enhance their comprehension. This means that telling a student a fact that he needs just makes it all too simple. Figuring out what you need is the real issue. Confirming what a student has discovered is a fine idea, but even that isn't always a matter of telling the student the truth. A Socratic teacher might deny what he knows is true in order for a student to defend a point of view and learn to be convincing. A teacher might fail to praise a student, even when she has succeeded, because the student should know that she has succeeded in any case. I am not suggesting that teachers never tell the truth, only that it isn't necessary to do it all the time.

Since coming to one's own conclusions is mostly how we learn, the real job of a teacher is to force students to come to sensible conclusions by confronting what they already believe with stuff that is antithetical to those beliefs. A confused person has only two choices. Admit he is confused and doesn't care, or resolve the confusion. Resolving the confusion entails thinking. Teachers can encourage thinking by making sure students have something confusing to think about.

Rule #8: Never assume that a student is listening to what you are saying or that what you are saying really matters.

What I have been arguing so far amounts to defining what I call *Socratic apprenticeship*. Learning by doing is facilitated by a good teacher, but that teacher has to be around when needed and has to know what to say and what not to say that will help the student think harder. The teacher doesn't provide answers—he just helps students find out where to look for answers and how to know whether they found the answers. Our current education system does not encourage teaching and learning to work this way, and I assume neither did the system that Plato was criticizing when he started to talk about learning by doing and Socratic teaching in the first place.

But something important has changed. We can now create apprenticeships online. It is possible to learn by doing in a simulated world set up on the computer that provides for human help as needed. We have been building what we call story-centered curricula for about 10 years now. Students learn within the context of an intense yearlong experience where they do only projects and produce deliverables that are commented on and improved upon by interaction with a Socratic teacher. We have produced them for masters programs at various universities, for high school programs intended to replace what is there now, and for corporations when they wish to create really effective training.

These curricula change how we learn and how we teach. Both of these need to be reconsidered in the wake of the disaster of an education system that we have created.

In summary, a good teacher does the following:

- never tells a student anything that the teacher thinks is true
- never allows himself to be the ultimate judge of his own students' success
- teaches practice first, theory second (if he must teach theory at all)
- does not come up with lists of knowledge that every student must know
- doesn't teach anything unless he can easily explain the use of learning it
- assigns no homework unless that homework is to produce something
- groups students according to their interests and abilities, not their ages
- ensures that any reward to a student is intrinsic
- teaches students things they actually may need to know after they leave school
- helps students come up with their own explanations when they have made a mistake
- never assumes that a student is listening to what he is saying
- never assumes that students will do what he asked them to do if what he asked does not relate to a goal they truly hold
- never allows "pleasing the teacher" to be the goal of the student
- understands that students won't do what he tells them if they don't
  - understand what is being asked of them
- earns the respect of students by demonstrating abilities
- motivates students to do better and does not help them to do better
- understands that his job is to get students to do something
- understands that experience, not teachers, changes belief systems
- confuses students
- does not expect credit for good teaching

CHAPTER 13

How the Best Universities Inadvertently Ruin Our Schools

> We have met the enemy, and he is us.
>
> —Walt Kelly

It should come as no surprise to readers of this book that I never really liked school. I endured it. I didn't have the option to quit—an unthinkable idea in my household. In the end I even wound up with a Yale degree (all right, an honorary one—but it is printed in Latin). Truth be told, I did get a real Ph.D., but that was more a testament to my figuring out how to work the system while avoiding the draft, than it was a testament to my scholarship or academic prowess.

I became a professor, an unlikely job for someone who hated school, and I became an unlikely colleague who worked with people who, by and large, loved school. I spent 35 years of my life as a professor at the best universities in America, and still I hated school.

Somewhere in the middle of my academic career, about the time that my kids went to school, I began to think about how learning worked. (I was trying to develop computers that learned.) Since my kids also hated school, I began to wonder about why school was the way it was and why it really had so little to do with learning as I understood it.

Eventually I realized that I was part of the problem. I readily had found employment in a world that let me think about interesting problems all day and work with really smart graduate students. To pay for this life of the mind, I was required to teach every now and then. I never really liked teaching for exactly the same reason I didn't like being on the other side of the classroom. I didn't get the point. I talked. Students listened or at least faked listening, and then there were grades to be given out based on how well they actually had been listening. I didn't like this game any more as a teacher than I had liked it as a student. Who said that listening to what I happened to be talking about was an important thing to do? And, who said students should be graded on how well they had listened to whatever truth I was espousing? What if I was saying nonsense? I didn't think I possessed a direct line to the truth any more than I had thought that my own teachers did. The system didn't make sense to me as a student and it didn't as a professor.

But it was a very easy job. And the pay, despite what people think about professors' salaries, was pretty good.

How hard was this teaching obligation? At Northwestern I was required to teach one 3-hour- a-week course for 1 quarter every other year. This came to about 36 hours of work in 2 years.

Yes, really.

So, how was I part of the problem? Actually my light teaching obligation is the tip of the iceberg of an enormous problem. It brings up the question of how and why that light load works for a university, the answer to which sheds light on what is wrong with our school system.

How do the economics of a university work such that a professor can teach so little? That is an important question. But an equally important question is how it is that a professor, who is after all, in the mind of the public at least, a teacher, teaches so little and is happy about it?

People used to ask me, when I said that I was a professor, what I taught. I would always laugh. I would suggest that they ask me instead what I was a professor of, which was, of course, the only relevant question. I didn't teach much and when I did teach, I hardly taught computer science, which was actually what I was a professor of. I usually taught my view of how the mind worked. Sometimes I taught how education needed to be fixed. But, anyhow, as I have said, there wasn't all that much teaching going on in my life. Sometimes I taught more often than required of me, simply because I was feeling guilty. The rules said I didn't have to teach much but there were students, usually graduate students, who were thinking that as they had attended this university in part to interact with me, at least I should teach a course that included them at least once. So I did it because I felt guilty, not because anyone higher up in the university cared what I did.

I remember a Yale undergraduate who wanted an appointment with me. He was screaming in the halls, after he had been told that he could see a graduate assistant instead of me, that he had paid $20,000 a year (or whatever the tuition was at that time) to attend Yale and he damn well was going to see me. I did in fact see him because he had a point.

Professors are hard to find. There are many reasons for this. The first is that if no one makes them see undergraduates, so why should they? The second is that from long experience most professors have come to understand that when an undergraduate wants to see them, there typically is one of two motives. Either the student wants to argue about a grade he or she received, or wants to engage the professor in a conversation whose point is that the undergraduate is really a great guy or gal and will be counting on a recommendation down the road. Neither of these conversations is any too fascinating to professors so they usually make themselves hard to find.

The funny part of this story is that the student who was making the fuss had neither of those issues. He was exactly the sort of student professors very much want to see. He wanted to become a professor in my field. This is exactly who a professor wants to meet with. The conversation with him didn't start out about that exactly, but it was easy to see that he had real issues he wanted to talk about, science issues, the kind professors wish were on the mind of every undergraduate but rarely are. This student did in fact become a professor, the ultimate success story for the professor who guided him there. And, no surprise, he treats undergraduates who want to see him the same way I treated him.

There is a naïve conception on the part of students in a top university that their needs matter to the professors of that university. But the top universities are not structured in such a way as to reward professors who care deeply about students. If a young assistant professor spends too much time with undergraduates, there usually will be some wiser head who will counsel him against this behavior. Assistant professors must be concerned with getting tenure. Having the students like you has next to nothing to do with tenure at the top universities.

No one higher up in the administration of the university cared much about how much I taught. "Why not?" you wonder. To answer this, one has to understand how universities really work, why they work that way, what game they are playing, and who wins and who loses. The answers to these questions, well known by anyone in a top university, are, somehow, completely unknown to the general public. Outsiders don't ask how Yale works. They ask how they can get their kids into Yale. And therein lies the problem.

As long as the customers keep coming, as long as people will do anything to get their kids into Yale, Yale will not have to change. Now bear in mind that going to Yale isn't such a bad experience. This is not my point. But Yale's attitude (and every other top university's attitude) toward what those universities are inherently about is seriously harming the education of every high school student and almost every college student in the country. Yale doesn't know that it is doing this.

The faculty of Yale didn't wake up one morning and think that destroying the American education system would be a good idea. They never think that subject-based education is a bad thing. They are professors of subjects, after all. It makes sense to them.

Most of the Yale faculty doesn't think for even a minute about the U.S. high school system, or the community college system, or the thousands of other colleges in the United States. Yale professors are thinking about their research, ideas, and projects. Yale administrators are thinking about making Yale work better and about money and prestige issues. They are not thinking that the subject-based education that is the basis of the university structure has filtered down to high school for no good reason. They think that there is a good reason: to prepare high school students for college, namely to make the professors' lives easier when the students arrive at college.

They do not know they are killing education with their subject orientation. But they are, just as surely as if they had a plan to do so and were working on it on a daily basis. And, the parents who just must send their kids to Yale are regularly giving them the power to continue doing just that.

People who do not live and work within the confines of a great university imagine that professors are basically teachers, like high school teachers but more intellectual. They do not understand the collective mindset at a place like Yale, a mindset that the Yale faculty, for the most part, is perfectly happy with. They do not understand why asking what I taught was a funny question. They do not readily get, if teaching isn't a professor's main concern, what exactly his concerns would be.

To explain all this requires looking at the life of a typical Yale faculty member and beginning to understand the world in which he lives. We must begin by understanding the aims of the university itself. Universities are employers, after all, and professors, like any other employee, worry about what their boss thinks of them. Curiously, however, professors don't really have bosses in the traditional sense. I remember the provost of a top university complaining to me that with professors everything is a la carte. The provost is the guy who runs the university. What he meant was that he could not ask any professor to do anything without the professor asking what he would get in return. The traditional sense of boss is gone, of course, when the boss can't fire you.

The real bosses in the university system are your colleagues.

Huh?

Your colleagues can't fire you. But this is what they can do. In order to hire a new senior faculty member at Yale, we actually had to write letters, at the beginning of the process, to all the important faculty members around the world in the subspecialty in which we wanted to hire, asking them to rank the top ten people in the world in that subspecialty. If the person we wanted was not on that top ten list, we would not be able to hire them without proving why we couldn't get one of the people in the top ten and why we so desperately needed someone who clearly wasn't that good.

Top universities are caught up in a game they can't get out of that has two very bad results. The game is the superstar-prestige game. Top universities want to be number one. They want this very badly. University administrators worry about this on a daily basis. All hirings revolve around this issue. All professors worry about their status in the academic world at large. It is the coin of the realm in academia.

Although it does not obviously follow from this, one effect of this game is less than stellar education for undergraduates. And, incidentally, this game also has a disastrous effect on the nation's high schools. This is not at all obvious to professors and to the universities for whom they work. To understand this, we need to first see what professors do and how they think about what they do.

I will start by telling a story about someone I barely know. He is a professor of aerospace engineering at the University of Washington, which is in the top tier of state universities. I met him because I was working on creating a high school aerospace curriculum that I hope one day will replace some of what is now in high school for those interested in engineering. I asked Boeing to host a meeting to design this curriculum and they agreed. They invited some of their engineers as well as this professor, I brought some of my people, and we began to design a series of projects that would take students with no knowledge of engineering and after a year allow them to work on designing a 787. Such a project-based, real-world curriculum is, in my mind, an important improvement on the way things are done now in school.

At the very beginning of the meeting, this professor said that he hoped the outcome of this high school curriculum redesign meeting would be a curriculum that taught math and science better because the average student at the University of Washington that he encountered had very weak math and science skills.

This was not my intent at all and I told him so. I was hoping to allow high school students to have a year-long experience of actually doing engineering so they could decide whether that interested them or at least make use of some of what they learned in their later lives. As far as I'm concerned, there is too much math and science in high school now and I told him so.

Since no one ever says things like that, he was quite shocked. I asked him, since he thought entering college students who wished to study aerospace were deficient in math and science, why he didn't think it was his obligation to teach it to them? He replied that this was the duty of the high schools. His position then was that even though less than 1% of college students would study aerospace engineering, nevertheless every student in the country should be made to learn the math and science they might need just in case they might study aerospace engineering.

Of course, this is hardly a unique position. In fact, this stance is exactly the one in place in high schools today. Just in case you some day might need it, we will teach it to you.

What is the reasoning behind this point of view?

What is really going on here relates strongly to the teaching requirement issue I mentioned earlier. I had a light teaching load. This man certainly teaches more often than I did. To see what his load was, I looked him up on the web. Here are the courses he was teaching in 2007–08 as I wrote this:

- A A 430 Finite Element Structural Analysis
- A A 432 Composite Materials for Aerospace Structures
- A A 532 Mechanics of Composite Materials

I had guessed what kinds of courses he taught before looking him up. The man is about my age, which means he has seniority, and he is obviously respected by Boeing, so he is a senior and successful man in his field. This means a small teaching load since the best professors teach the least. Three semester-long courses in a year is a light load at a big state university.

You might wonder, as an outsider to the ins and outs of the university, why the best professors teach the least. You also might wonder why I knew the types of courses he would teach and what I mean by that. I will explain.

To start this explanation, it is important to understand why professors are "rewarded" with light teaching loads. (Note the word *load*. This is the normal way this is discussed in a university.) I was given an extraordinarily light load at Northwestern for two reasons. One reason was that universities, like baseball teams, recruit so-called "superstars" (yes, that is how they are referred to in the university) from competitors. So Northwestern had to beat Yale's offer in my case. At Yale I taught one semester-long course per year, so Northwestern simply made me a better offer.

The reason both of these universities would even consider such a light load is that I earned money for the university. As I used to tell my children when they asked "why" questions, in the end it is usually about money.

I was recruited by Northwestern (in 1988), but I was really being recruited by Andersen Consulting. They offered Northwestern (that is, they offered me if I came to Northwestern) $30 million (over a 10-year period). Yes, that's right, $30 million. I think you can see that Northwestern didn't really care what I taught or when I taught it. They wanted that money. And, they also wanted the prestige.

Before I go too much further, I need to explain the prestige thing because it is very important. In fact, the prestige issue for professors and universities is precisely the root of the problem in our education system. This will take some time to explain, so let me start simply for now.

When Harvard plays Yale in football, they are battling for prestige. But the battle may not be on the field exactly. The real battle is in how powerful and important the alumni who attend the game have become and how big their respective endowments have become and who has the best chemistry department or business school. It is a real battle. The battle is for reputation. And, although it may seem silly to take this battle seriously, it is taken very seriously. There is no World

Series that determines the winner. The real determination is made by newspapers, or parents who want their kids to apply there, or potential donors. But the battle is real enough.

This battle was dead serious before *U.S. News and World Report* started publishing annual rankings. Now, it is the basis of how the university functions. When the current president was recruited at Northwestern, he essentially was told that his job was to get Northwestern into the top ten (in the *U.S. News* rankings). Northwestern was ranked 12th or 13th at this time. In his first year he succeeded. Why? Because Northwestern's football team won the Big Ten title and went to the Rose Bowl. Of course, he had nothing to do with that. But the following year applications doubled (or something like that) and that is a statistic that *U.S. News* uses, so presto, we were number nine. It didn't last. Neither did it make sense.

Recruiting me was like winning the Rose Bowl. Well, all right, not really. But a member of the Board of Trustees actually did say to me when he met me: "It's our star quarterback." I brought in money and prestige. It is natural to wonder who actually got the money that Andersen offered and what was done with it and why it was given out, and, while we are at it, what exactly it was I did all day if I didn't teach.

First the university's share. Every dollar of that $30 million went into Northwestern's bank account. Then they let me spend it according to certain rules. The first rule is called "overhead." The university charges an overhead rate on all contracts. The actual percentage varies and one of the first things I had to negotiate with Northwestern was how much their take would be. I don't remember exactly now, but they got about 30% of what I brought in. So, about $9 million of this money went into Northwestern's pocket. Do you see now why they didn't care how much I taught? They just wanted me there and they wanted that money. By the way, they also got the interest on all the money.

They also got the prestige. I set up a new institute that became instantly well known and was something the university could brag about. The Institute for the Learning Sciences was something unique. Northwestern had one and no one else did. Moreover, I might (and did) raise even more money for my institute. More overhead money. Yippee!

What did I do with the money? Mostly what you can do with this money is hire people. If you have a research agenda, something you want to build or accomplish, you will need help. If you want to build a rocket ship that no one has ever built before, you will need to hire folks who can contribute. I was trying to build educational software but the principle was the same. I hired programmers, researchers, assistants to do lower level work, video staff, artists, and, of course, graduate students.

And, now you know what I did all day. I managed this enterprise. Eventually my institute had 200 people working in it. I did what any person in charge of 200 people does. I set the direction and checked on progress. Also, I wrote books and thought deep thoughts. This is what any professor does who brings in grant money. I was just doing it on a larger scale than most.

All of this is about winning the prestige game. Any university wants pre-eminent professors. Universities want the best faculty so their name is mentioned a lot, so they get applications from students, attention from the media, and more grant money. That is what universities do. Teaching? Well, how exactly does teaching fit in with all that?

It really doesn't. Most professors agree that the university is a lot nicer place when there aren't all those undergraduates around. From May to September New Haven was an idyllic place. Smart people, good weather, interesting conversation. Then in September, thousands of young people, making a racket and expecting to be taught. But, therein lies the problem. Are students really expecting to be taught?

It doesn't take very long for a professor to learn that those brilliant Yale students, the ones who killed themselves to get into the place, may not be there solely to enter into the life of the mind. While everyone is thinking great thoughts and doing great research over the summer, professors manage to get themselves believing that the job of a professor at a great university is to be an intellectual. What they forget easily enough is who is paying the bills. And, they forget the real agenda of those who are paying the bills. They are reminded soon enough.

Students want courses to be easy, not bother them too much with work outside the classroom, and help them get a good job. Of course, I am oversimplifying here. Many students attend Yale to learn what it is that you, the professor, really know and want to teach. In 15 years at Yale I met a number of them. I remember their names because there weren't that many. We can hope that all professors have met their share of that type of student.

Most college students are 18-year-olds who are on their own for the first time. They are more interested in exploring themselves and their new freedoms than they are in working hard at intellectual pursuits. Every university has underground lists, written by students, about courses that are easy or professors who readily give good grades. The real agenda of the majority of students is to take school just seriously enough to graduate. If you offered them a diploma after 1 year, most of them would take the deal.

This all brings me back to our aerospace friend. Why does he want high schools to teach more math? Because he doesn't want to teach it. Teaching undergraduates becomes pleasurable at precisely the point where you can teach the very courses this man teaches. He is teaching highly technical courses, and, it is safe to assume, the students who are taking those courses are there with serious intentions. They want to become engineers and they want to know what he knows. So he may well enjoy teaching them. But he certainly would not enjoy teaching them calculus. There is a big difference in the experience of teaching when you are teaching people who plan on working in your field some day and when you are teaching a required course that students wish they weren't being made to take.

But why does it matter what this man enjoys teaching?

In the ideal university, the one professors at top-tier universities would have if it were possible, professors, who consider themselves primarily to be researchers in very specialized subfields, would teach only work that directly related to their actual research or was important for preparing future researchers in their field.

Professors at Yale get to be professors at Yale because they are either potentially or actually the best in the world at something. While this might not actually be true, it is certainly supposed to be true. When a professor is proposed to be promoted (or hired for the first time) as a full professor at Yale, the chair of his department must address a meeting of all the other chairs and high officials and explain why the professor in question is indeed the best in the world at what he does. To do this, the chairs often have to define what he does extremely narrowly to have it be at all credible. Isn't there someone at Stanford or Princeton who is just as good or, perish the thought, even better than the candidate you propose? There better not be or this candidate won't get voted in. So, somewhere in every professor's mind is the idea that he or she is the best at something or for assistant professors, soon will become the best at something.

Under this kind of pressure, and this kind of egotism, a professor's first and foremost concern is attaining and maintaining that exalted status. Teaching future professors in one's own field helps maintain that status, so graduate students pursuing Ph.D.s are quite often taken very seriously. Teaching graduate seminars is intellectually stimulating, may help with one's own research, and is therefore worthwhile to do. But undergraduates are a whole different story. Very small percentages of them actually will become researchers in one's field. Professors are in the fame game. They worry about the prestige of their department and themselves. They care about this because they won't attract high-quality Ph.D. students unless they maintain that prestige. Undergraduates do not figure into this equation. Except they do pay the bills.

So professors have to teach them. And, someone has to teach those damn introductory courses that typically have hundreds of students in them. Why do they have hundreds of students in them? Because no one wants to teach them so making the sections as large as possible means fewer professors will have to teach them. And, why does our aerospace guy want high school to teach the math his students need? Because he certainly doesn't want to do it. He wants to teach esoteric courses about composites, which is his field. Teaching basic math would be worse than teaching Introduction to Aerospace. A great deal of work and no enhancement to prestige at all. And, there is a bigger problem. He can't teach math because the structure of the university doesn't allow it.

Math is taught by the math department. If everyone had to learn math, there would have to be an awful lot of math professors. While that sounds OK, it really isn't possible. Remember, at top universities everyone has to be a superstar or close. Math isn't that hot of a field. There aren't large numbers of people wanting to become math professors, nor is there a great deal of funding for math research. Remember, without outside funding as a possibility, a top university isn't going to want to create a big department. You get big departments, and lots of professors, only in fields that pay for themselves through outside funding. So math has to stay small. Solution—make sure math is taught in high school.

This solution makes everyone in the university happy. And, it shouldn't be a big surprise that the original idea of requiring algebra of high school students came from the president of Harvard and the chairman of the Princeton Math Department (in 1892). It has always been in the university's interest to push teaching the basics that are needed in college into the hands of the high schools so that the university professor's life is easier and involves less teaching that he doesn't want to do.

So, of course, professors want high schools to do a better job. The question is why high schools should care about what universities want at all. High schools have their own problems, or should have, but they have been convinced to ignore their problems and focus on the problems that universities have.

Parents demand that high schools prepare their kids for college, which really means help them get into college. Gradually the high school curriculum has become one giant entrance test for college. The idea that someone might not want to go to college seems very odd to most people. So, if the colleges say more math, then more math it is. But colleges are not saying more math in good faith. They are just having high schools teach what they don't want to teach.

But there are about 3,000 colleges in the United States and only about 50 top-tier research universities. What Yale needs may not be what the other colleges need. Why, then, is the tail wagging the dog? Yale says jump and everybody asks how high. Yale sets the rules. Yale says 3 years of math, and 3 years of math it is, even though higher math will not, or at least should not, come up in most college classes.

Does Yale know it is doing this? Do the faculty understand that by requiring that the high schools teach mathematics, they are causing massive numbers of dropouts and making learning a very stressful experience for most high school students?

I think the answer is no, but even if they did know it, they would do nothing about it. They have a university to run and they simply cannot change the way they operate. I can explain this with a story, this time from Columbia University.

I once had the opportunity to create courses for Columbia University that would be put online through a business I started that was funded (and then abruptly terminated when the dot com boom busted) by venture capitalists. I interviewed various professors at Columbia in order to decide which courses to put online. I wasn't trying to simply copy the courses they had but was trying to build learn-by-doing versions of them that would be more engaging than the usual lecture course and would try to teach real-world skills rather than the usual stuff one gets in an introductory course.

We decided to build an economics course and talked at length with the chairman of the Economics Department. We decided to simulate the experience that this man had had working as an economic advisor in the White House. The students played that role in the simulation and learned how economics is used in the real world.

All of this is really beside the point, however. I learned, during these conversations, that at Columbia calculus is required in order to be an economics major. I wondered about this, since the courses we were building never had any complicated math in them, so it seemed that calculus wasn't something that came up regularly in real-world economics.

I asked and was told that my observation was right and that calculus was required in order to ensure that there wouldn't be too many economics majors. As an insider in the university world, I understood this remark, but it needs some explaining for outsiders.

Columbia doesn't have an undergraduate business major. And, in New York City there are a lot of students interested in business. Columbia and other Ivy League schools think that business isn't an academic subject, so students shouldn't learn it until they go to graduate school. Columbia does have a well-respected business school, but, as I pointed out, no one really wants to teach undergraduates so they certainly aren't lobbying to teach them. (This is also true of medical schools and law schools and it is why you never see courses for undergraduates in those fields despite the evident interest of the undergraduates.)

So, potential businesspeople at Columbia need to major in something and economics seems to them to be a reasonable second choice. (I am not really sure that it is a good choice but these are 18-year-olds making these decisions.) Thus, the Economics Department is flooded with potential majors. This seems like it would be a good thing, doesn't it? Students want to study what you teach. Isn't that good?

Well, not really.

Let us assume we have an economics faculty of 20 people, each of whom teaches three courses a year. So we can offer 60 courses. Sounds like a good number. But this has to include graduate seminars, and the faculty will be lobbying to have more of these and more advanced courses where they can teach their own specialty, as I have said. But majors need courses too. They might need 20 or more. This doesn't leave a lot for introductory courses unless the department runs enormous lecture courses that have hundreds of students. Now departments know that such courses are pretty awful things and they try to keep them down to a dull roar. But if you have hundreds of students wanting to take your courses, and you were set up with just enough faculty to handle 60 courses with fewer than 20 students in each class, you have a problem. Multiple sections of courses require multiple faculty and maybe even, God forbid, heavier teaching loads.

Simply put, if there are too many majors, all the specialty courses will overflow and you might need twice the faculty to handle them. The university is not going to let you hire twice the faculty in order to handle them. Why not?

Tenure is why not. Once you hire tenured faculty, they stay forever. Tenure is another one of those ideas that sounds a lot better than it is. One of its downsides, and it has many, is that you can't easily hire new faculty when you need to. There may be a jump in economics majors this year, but who is to say that this will be true next year? Universities move slowly.

So, the current economics faculty would have to teach more courses. They simply do not want to do that. They want to go back to their offices and do research and write books and consult with the government or big business, should they call.

Voila!

Calculus.

That will keep the little buggers out. If that doesn't work, advanced calculus. Who cares if those courses have little relevance for economics? They can always say it might come up some day. (It might.) Or they can say it teaches rigorous thinking. The real reason is to keep the numbers down. This is also why biology and chemistry are required courses for pre-med students, why statistics is required for psychology majors, and so on. Most departments will not admit to this, but that's why those things are there.

You never see this kind of thing in departments that have too few students. Too few students is the kind of problem that gets your department shut down. So, linguistics departments, which were started when linguistics was in fashion in the 1960s, are always under threat of shut down. They won't be requiring calculus. But they would if their situation changed. Instead, what they are doing is trying to explain why linguistics is calculus.

Huh?

When I arrived at Northwestern, undergraduates were required to take a math course in order to graduate. There could have been any number of reasons for this requirement—none of them having to do with interests or needs of the undergraduates.

In fact, diverting from that story for a moment, my secretary, who never went to college, insisted that her daughters go, so one of them found herself in an art history course that she hated and complained to her mother who in turn complained to me. Why does she have to take art history? She is a business major (at Hofstra), for God's sake, said my secretary.

Obviously, I replied, there are art history professors who are worried that no one will take their course and they will be fired (tenure doesn't apply in that case as tenured faculty can be fired if their department is shut down), so they have lobbied successfully to require it. She thought that was stupid and so do I. Now back to Northwestern.

Clearly the mathematics professors at Northwestern were similarly concerned. Of course, they made their argument, the same way the Hofstra art history professors did, one would assume, about these courses being necessary for a liberal education, but the real argument was about saving the department and everyone knew it.

But at Northwestern, this math argument had been made a long time ago. What was new was that linguistics, at Northwestern, had been classified as a math course! The reasons are clear enough. No one was taking linguistics at Northwestern and the linguists were scared. How they won the argument that linguistics was math (and thus an alternative to the required math course) is anybody's guess. Just remember that none of this is being done with the interests of the students as the real agenda item.

If you believe, as universities do, that the most important thing you can do as an administrator is recruit superstars to make your university great, then there is a consequence to all this. The students suffer. At first this seems an odd idea. How could a student be harmed by recruiting a superstar? Well, it depends on the university.

At MIT, where students are different than they are at Northwestern by quite a bit, there are a number of superstars that I know quite well. Two of them, whom I will not name but are about as famous as a professor can be, are people I have heard lecture many times. I have never understood what they were talking about in any of those lectures. Now, bear in mind that I know their fields very well so I should have been able to understand them. Also, bear in mind that I was a terrible student, which means my attention fades fast when I am bored or irritated.

Since I know these two men well enough, I can tell you that neither is particularly worried about being understood. They have been acclaimed by one and all to be brilliant, and many brilliant people think that if you can't understand what they are thinking about, then it is your fault not theirs. They are talking about complex issues that interest them, and you should be able to follow along, and if you can't then you are a dope.

This works at MIT, sort of. No MIT student happily admits to not understanding what the professor is saying. They all muddle through as best they can and are usually awestruck by even being in the presence of these great men, much less being able to take a course from them. Understanding what they said, or, worse, actually being able to make use of what they said, seems unimportant by comparison. You would take a course given by Einstein, wouldn't you, even if you didn't understand physics? That is the attitude.

This attitude works at MIT. But it fails miserably at lesser schools.

I took advanced calculus from a superstar when I was an undergraduate. I didn't understand anything. I was a math major, but that course caused me to lose interest in math and start thinking about other things. I went to see this superstar and asked him for advice. We had a great conversation. He was a very smart guy. He pointed me in a direction that helped me make some important decisions. As a one-on-one advisor he was great. But the system made him teach, which really wasn't something he could do very well.

As luck would have it, years later when I was chairman of the Computer Science Department at Yale, he was one of my faculty. So, in a sense he wound up working for me (to the extent that any faculty member actually works for the chair, which is really not the case).

He was a great man. He inspired many a graduate student to become a professor. He was fun to talk to. But he couldn't teach at all. At Yale we made sure that he taught only specialty courses, which was fine with him. What he was doing teaching advanced calculus that year long ago is anybody's guess. My guess is that as he was the chairman of the Math Department at the time, either he got stuck with it because there was nobody else or he was trying to prove a point in order to induce senior faculty to come down from on high and teach the basics.

Either way it was a terrible idea.

Prestigious universities that recruit superstars are not, at the same time, recruiting teachers. They are just hoping someone can and will teach. But no one cares that much.

I once had dinner with a man who was on the Board of Trustees of the University of Illinois. I asked him how he liked being on the board of a fraudulent institution. He reacted the way you might expect and demanded an explanation. I asked him if he thought the average student attending the University of Illinois was going there because she figured after graduation she would be able to get a job.

He agreed.

I then asked whether job skills were in fact taught to the majority of students there and whether the faculty, by and large, actually had ever worked anyplace but a university.

He laughed.

It is OK that Yale hires only intellectuals and only the best of the best because Yale is not a state-run institution and Yale can do what it wants. No one is making anyone go to Yale. Caveat emptor.

But a state spending a great deal of money on its flagship educational institution ought to know what it is getting.

This is what it is getting—Yale.

There are no faculty members at the University of Illinois in any mainstream department (I don't mean agriculture, for example) who do not consider themselves the equal of, and in some cases better than, their Yale colleagues.

When I went to Northwestern, I was given the right to hire a variety of faculty in a number of disciplines that related to learning. When you recruit faculty, you mostly consider how your institution might look better to someone at another institution. So, Northwestern doesn't recruit from Harvard or MIT (or Yale!) very often because Chicago doesn't seem a more appealing place than Boston to an academic and Northwestern isn't a step up. And, Northwestern doesn't recruit from California in general, for the same reason.

So, it's the University of Illinois!

I recruited heavily from Illinois because Chicago looks more appealing than Champaign-Urbana to most people, so I had something to offer, and the faculty there had already bought into the idea of living in the Midwest. Moreover, in the academic world, the University of Illinois is considered to a top-ranked institution with a faculty every bit as good as Yale's, maybe better in some departments.

So, why is this bad?

It is bad for the students of the state of Illinois who worked hard to get into the state's best university only to discover that its faculty think they are at Yale.

Of course, they know they are not at Yale, but they are competing in that world nevertheless. They also do research and publish and work hard to be famous superstars. They are in exactly the same game as their Yale counterparts, so it follows that they don't want to teach either.

But the numbers are much bigger at Illinois. Classes are larger and faculty have to teach more classes. So these same people, who would readily move to an institution that didn't treat them like this, are stuck competing with their Yale colleagues and, at the same time, having so many more undergraduates to deal with.

Guess who loses?

And, I haven't even started to discuss the idea that most students at Illinois do not go there to become professors or intellectuals, or hobnob with the best and brightest. The faculty think they are (or ought to be) at Yale, but the students do not. The students want to get jobs 4 years later. Good luck with that. That is not what Yale is for.

I was told that explicitly one day, by the way. I had to give a short talk to entering freshmen at Yale when I was the department chair. The idea was to extol the virtues of majoring in the field represented by the chair. Each chair gave a short speech. Mine, as usual, was the shortest. Major in computer science—get a job. That was my speech.

I was booed.

I was booed by the freshmen, who by this time at Yale had been there maybe 5 minutes but had already absorbed the zeitgeist of the place. Yale was for thinkers not workers.

By the way, that was in 1982 or so. All our computer science graduates went to work at Microsoft in those years. There were lots of millionaire alums not too long after. (Presumably, not those who were booing.)

They wouldn't have booed at Illinois, and that is the point. Yale is not the problem unless you realize that it sets the direction for every other university in the country. It doesn't do this by itself and it doesn't do it intentionally. Nevertheless, it ruins the chances that Illinois graduates will receive a reasonably practical education that actually might get them jobs or teach them how to live in the real world.

So, we have created a system that values heavy intellectuals and gives them a place to do their thing. Is this bad? How could it be bad? It certainly isn't bad for the intellectuals. But it is bad for the students. Not necessarily for the students at Yale, although there are certainly unhappy students there. It is bad for the society at large. Students don't need to major in subjects unless they intend to become professionals in those subjects. Actually, they need to intend to be professional researchers in those subjects, since the faculty really don't know how to or care to think about their subject as anything other than a research area. Making a real living with what they teach is not on any faculty member's mind. But students go to college precisely because they think they will get a job afterward that college will have prepared them for. It just isn't true.

Teaching how to survive in the real world is simply not the job of an Ivy League professor. This is too bad because there are professors who really do like to teach.

One day I decided that I needed some news video from the major networks for a project I wanted to start. I called the president of Northwestern and asked him if he knew anyone at the networks, and he told me that the former president of one of them was now on our journalism faculty.

So I called him. He said he would help me but only on one condition. He wanted me to sit in on the class he taught. This was really an odd request, and especially hard for me to agree to given how much I hate classes and classrooms. But I really wanted that video.

Professors almost never ask other professors to watch them teach. One reason is that they usually aren't all that proud of their teaching and don't want to hear the criticism that inevitably follows. Also, it really isn't something they want to talk about even if they are good at it. It has minor value in a professor's world.

The class I attended was the most extraordinary I had ever witnessed. This former head of a network previously had been head of the news division. He had turned his class into an all-day simulation of a network newsroom. Students were charged with preparing and producing the evening news. They got their information from various sources that were used by the networks and prepared stories, played the roles of on air reporter, news writer, anchor, camera person, editors, and so on. They finished and went on air at 5.00. At 5:30 they watched to see what the networks had done that day and compared and judged their own success. The professor was there all day guiding them.

I thought this class was fantastic and said so. I then said it would be a loss when he left Northwestern in a couple of years. He said he had no intention of leaving, but I knew what he was doing would never be tolerated.

Why not?

Let me count the reasons. First, he was teaching doing and practice, and not theory and analysis. While the rest of the world knows that doing and practice is how you learn, this is the exact opposite of how teaching occurs in a great university. (There are exceptions to this, of course. In engineering, agriculture, and even in journalism, practice does occur. But it always occurs in the presence of lots of theory.)

University professors are not practitioners. Usually they don't know a thing about how what they teach actually is used in the real world, never having been in the real world themselves, so they have created a culture where theories and ideas are considered to be more important than simply being able to do something. So one reason his class would have to go is that it inevitably would be seen as threatening to the other faculty.

Another reason that it threatens the other faculty is that it is a lot of work to do what he did. He was there all day. Professors teach 3 hours a week, 6 if they aren't superstars. No one wants to see a new standard of teaching created that is both practical and takes a long time to do. When would the professors do their research and write their books? This man didn't have that agenda. He just wanted to teach. There is no room for that in a top-tier university.

And, how would this class fit in a student's schedule? Students can't spend all day at something without missing those important required classes that meet 3 times a week for an hour. Totally consuming classes that take all day, and may even take all week, cannot possibly exist.

Two years later this man was gone.

It is actually very difficult to change the way a university runs, and this includes trying to change any aspect of how courses are offered or structured.

I learned this when I took on the job of building a new West Coast campus for Carnegie Mellon University. (By building, I mean designing its offerings, not its buildings.) As I am an advocate of learning by doing, in just the way our former network head was doing in his class, I decided that there would be no courses, only projects, and that each project would build on the one that preceded it. The administration in Pittsburgh let me get away with this precisely because there were no faculty hired in California and the Pittsburgh faculty wouldn't much notice what we were doing 2,000 miles away.

We had to lie to the registrar about what we were doing because courses had to be in parallel to make it into their system and we weren't offering courses at all. The projects had to be labeled as courses, but they varied in length (not every project takes the same amount of time). These "courses" ran in sequence not parallel, so we basically had to lie about it to get by the registrar.

The students objected that there were no faculty around and were no classes, so they felt cheated in some way and asked why they had to show up at all. We replied that they didn't, since all the materials they needed were online anyway. The students were assigned mentors who were on campus, but after a while students interacted with them by instant message instead of walking down the hall even when the students were on campus. The students started out hating what we did and wound up loving it. These were students in master's degree programs and they were, in essence, simulating the jobs they were preparing for.

Even the faculty in Pittsburgh came to appreciate what we were doing in California. But you will never hear about it (except from me). Carnegie Mellon will never brag about it or publicize it in any way.

Why not?

What I did is very threatening. At one point the provost, realizing that since the program was online, in principle we could serve a lot of students, asked me whether I was going to put Golden Arches over the campus and say over a million served. Seemed a good idea to me. But not to Carnegie Mellon. We don't want to cheapen our brand name, the provost told me.

In other words, if hundreds of thousands of people had Carnegie Mellon degrees, how prestigious would such a degree be? These degrees were in computer science, a field in which Carnegie Mellon is number one or two in the world. But if too many people had these degrees, the university's prestige would go down, so whether or not this was good educational practice, and the certifying boards certainly thought it was, this was never going to happen.

I made the mistake of saying in an interview how well our experiment was going, and was told by Carnegie Mellon to stop doing that. It seemed that parents of undergraduates at Carnegie Mellon were calling and asking why, if this method was so preferable to the usual course-based method, it wasn't being employed in Pittsburgh? Since that could never happen—the professors would never allow it—I had to stop giving interviews.

As I write this, the learn-by-doing master's degree programs we built are still running, but no more will be developed at Carnegie Mellon. Eventually the ones I built will be shut down. The reason will be that they employ teachers who teach (as mentors) all the time and therefore don't do research and that can't be allowed. Not if you are in the superstar prestige game.